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Foreign Ministry Reacts to Invasion of Kuwait

Prepares To Evacuate Citizens

AU0808151290 Sofia Domestic Service in Bulgarian 1433 GMT 8 Aug 90

[Ministry of Foreign Affairs declaration received over the telephone from unidentifed spokesman; place and date not given—recorded]

[Text] In connection with inquiries from citizens concerning their relatives situated on the territory of Kuwait, a spokesman of the Ministry of Foreign Affairs of Bulgaria announced the following:

At the moment, there are 340 Bulgarian citizens on Kuwaiti territory. None of them has suffered injuries, and according to the information received so far, their security is not threatened.

Nevertheless, out of concern for their fate in the future, the Ministry of Foreign Affairs has adopted a decision to evacuate women and children, and, if the situation warrants it, the remaining Bulgarian citizens as well.

Official approaches have been made to the Kuwaiti authorities for assistance in the evacuation of Bulgarian citizens through the territory of Iraq.

Other alternative ways of bringing them out are also under discussion.

Actions and consultations on this issue have been undertaken and are continuing through diplomatic channels with the United States, the USSR, the FRG, and other states.

'Full Support' for UN Sanctions

AU0808192590 Sofia BTA in English 1900 GMT 8 Aug 90

["Bulgaria Condemns Iraq"—BTA headline]

[Text] Sofia, 8 Aug (BTA)—In a declaration of the Ministry of Foreign Affairs it is pointed out that Bulgaria is greatly concerned over the occupation of Kuwait by Iraqi troops. Expressing deep regret in connection with this act, the Bulgarian Government has already declared its full support for the efforts of the United Nations Security Council for overcoming the crisis.

Bulgaria accepts and will strictly observe the instructions contained in the resolution adopted by the Security Council on August 7, 1990, according to which sanctions will be used against Iraq.

This is the sole approach that can guarantee the efficient functioning of the system for keeping the world peace, as it is pointed out in the statute of the United Nations, especially when a threat is posed to the security of small states.

Even before the beginning of the crisis all Bulgarian military supplies to Iraq have been stopped. The government is taking other concrete steps ensuing from the resolution of the Security Council, notwithstanding the serious difficulties the Bulgarian economy may have to face.

The Bulgarian side reserves its right to refer to the Security Council in accordance with Article 50 of the UN statute, in which it is said that each member of the world organization which faces economic problems arising from the application of compulsory sanctions can consult the Security Council in view of the settlement of such problems.

Summons Iraqi Ambassador

AU0808204590 Sofia Domestic Service in Bulgarian 2200 GMT 8 Aug 90

[Ministry of Foreign Affairs announcement read by unidentified annoucer; place and date not given—live or recorded]

[Text] This evening (Takir) al-'Ani, ambassador extraordinary and plenipotentiary of the Republic of Iraq to Bulgaria, was summoned to the Ministry of Foreign Affairs.

The Iraqi ambassador was told that Bulgaria is strictly fulfilling the UN Security Council resolution of 7 August. The Bulgarian side expressed the hope that a peaceful solution to the situation that had arisen would be found.

The Bulgarian side once again firmly raised with Mr. al-'Ani the issue of ensuring the security of the Bulgarian citizens in Kuwait and guaranteeing their safe departure. The Iraqi ambassador gave an assurance that his government had undertaken all measures to guarantee the security of foreign citizens, including Bulgarians, situated in Kuwait.

Lukanov's 'Accountability Report' to Assembly

AU0708162090 Sofia Domestic Service in Bulgarian 1211 GMT 7 Aug 90

["Accountability report" by Andrey Lukanov, chairman of the Council of Ministers, speaking at 15th Session of the Seventh Grand National Assembly in Sofia—live]

[Text] Esteemed Mr. Chairman, esteemed National Assembly deputies, although the government's resignation is listed as second item on the agenda, the long-awaited day has come, and I am in a hurry to submit the government's resignation the Grand National Assembly chairman.

Esteemed National Assembly deputies, with the report I am about to submit, the government accounts for its activities over the period which began on 8 February 1990. Our term of office was short, but it coincided with one of the most dynamic periods in Bulgarian history. As a matter of fact, we could exert our full functions as a government only during the four to five months preceding the period of the Grand National Assembly elections, and prior to the convening of parliament on 10 July 1990.

Since that date, and for the time being, the Council of Ministers has actually exercised the functions of a transitional government.

I will try, without boring you with unnecessary details, to brief you on all the activities that the government was capable of accomplishing over the aforementioned four to five months, in accordance with its programmatic declaration submitted on 8 February 1990, and in conformity with the program on overcoming the economic crisis and on expanding the economic reform, which was approved by the Ninth National Assembly on 29 March 1990. These documents are available to you.

I would not like to dwell on an analysis of the country's socioeconomic development outside the framework of the period under review in this accountability report. Such a general analysis is contained in the report which I submitted to the 16th Session of the Ninth National Assembly on 29 March 1990, which is also available to you.

To facilitate the preparatory work of the National Assembly deputies for discussing the government's report, we have already submitted to you in writing, through the National Assembly Presidium, some data on topical aspects of our socioeconomic development related to the first half of 1990, and to recent years, in addition to the aforementioned materials.

The government's programmatic declaration adopted on 8 February 1990 mapped out the basic trends of the government's work. This declaration stated the following—among other things—and I quote:

The government does not intend to make fanciful pledges to you and to the public at large. We realize the complexity of the current problems, and the time that is required for overcoming the crisis affecting our society. End of quotation.

I will draw your attention to the tasks accomplished by the government in connection with the priority trends adopted in the government declaration of 8 February 1990.

First: On the government's activities in the socioeconomic sphere:

General economic situation—Esteemed National Assembly deputies, the government accepted its mandate and started its work under the circumstances of a deteriorating economic crisis, and increasing tension in sociopolitical relations.

As all evaluations, including our own research results, showed, the economic situation was approaching a most profound crisis.

In the program adopted by the National Assembly on 29 March 1990, the government provided a brief but eloquent description of the economic crisis in our country. As a matter of fact, we do not claim exclusive credit for this analysis. This evaluation of the crisis reflected the views of experts from all major political forces which participated in the national roundtable. I take the liberty of citing these evaluations. I quote:

The Bulgarian economy is in a state of profound crisis. This crisis cannot be explained solely by the mistakes committed by individual personalities and institutions. The command-administrative system of economic management established under totalitarianism is the basic cause of the crisis.

The main forms under which the crisis is manifesting itself are the general unbalanced state of economy, the decrease in production, the excessive increase of the foreign debt, disrupted consumer markets, the federal budget deficit, the growing financial difficulties in which economic organizations are involved, the growing pressure of inflation, and the increasing alienation of society. End of quote.

Today we would hardly add anything essential to the aforementioned evaluations. The transition to a market economy and the introduction of urgent economic measures, mapped out in the government's program for overcoming the economic crisis which was implemented over the last six months, had to be carried out under extremely difficult conditions.

Among the numerous negative factors which determined the acute crisis I would point out the level of our foreign currency debts, in the first place, and the heavy implications stemming from the debts which influenced the country's comprehensive economic life.

Viewed from the general economic point of view, this debt reflects the total lack of harmonious development in our economic development, especially over the last 15 years or so, and the structural imbalances and tensions which were accumulated over that period and which had assumed critical proportions. Increasingly, our economy was eating into our foreign currency reserves while the respective opportunities for earning convertible currency were not used. The foreign currency debt was also the result of using considerable foreign resources for the implementation of expensive investment projects, the effectiveness and the export possibilities of which were questionable. The resources in question were also used for showing off high rates of development which did not result in effective export potentials related to convertible currency markets. They were also supposed to serve the policy of maintaining the regime's relative socioeconomic stability by providing consumer goods for major social groups which exceeded the country's economic capacity.

As a result of this, the size of the foreign debt was combined with the negative aspects of all reproduction factors under the structural, technological, and export policy within the framework of the general command-administrative, neo-Stalinist model of economic management and government.

The country was not only facing, but was already caught in, a real net of debts. This resulted in the Bulgarian Foreign Trade Bank's decision to discontinue the repayment of debts.

What are the basic characteristic features of our economic development over the last six months.

[Words indistinct] the production of the economic organizations, calculated on the basis of comparable prices, dropped by 9.3 percent during the period under review, while the percentage envisaged for 1990 was approximately five percent.

The quality indexes deteriorated considerably. For example, the balance profit for the first half of 1990 was 500 million leva less than over the same period in 1989. Net production on the basis of current prices increased by 2.6 percent, while the number of personnel was reduced by 4.9 percent.

The distribution of net production is extremely unfavorable, however, because the deficit of labor wages for 1990 increased by 13.5 percent. As a result of this, considering the five-percent increase of social labor productivity, the average labor wages increased by 19.4 percent, or by four times. This is an economic luxury which even the most advanced countries could hardly afford.

Second: On the domestic market situation:

The state of the domestic market related to consumer goods and other goods, during the first half of 1990, was characterized by an increasing shortage involving all the most essential goods. In order to at least partially overcome some of the most acute shortages, and in conformity with the priorities set by the government, considerable amounts of sugar, sunflower seeds, baby food, and other goods were imported in exchange for foreign currency. On the basis of barter deals and other business operations, we imported detergents, lemons, olives, and household appliances. Certain amounts of state resources were used for this purpose. Other measures were adopted in order to alleviate the market situation, caused by discontinued production.

Under these circumstances, it was our goal not to admit a considerable decrease in real consumption. Taking into consideration the advance evaluations on price increases during the period, we think that the reduction of the physical volume of commodity turnover during the period under review, compared with the same period of 1989, amounts to between four and five percent.

What are the reasons for the difficult market situation? A careful analysis confirms that this question cannot be easily and categorically answered. The reasons are numerous and they are determined by domestic and foreign policy factors. The most important reason is the drop in production.

In the industrial sector alone the reduced production is worth 3.1 billion leva, or 11 percent, compared with the same period of 1989. The reduction percentage envisaged for 1990 had been 5.8 percent.

A trend of lasting production decreases is emerging and is expected to continue. The major reason for the drop in production over the period under review was the shortage of vitally important raw materials and energy sources, resulting from reduced imports. I am talking about a drastic reduction of imports from our traditional trade partners, such as the USSR and other East European countries, namely oil, raw materials, chemical products, timber, natural and artificial fibers, among other imports.

For this reason alone, goods worth 1.6 billion leva were not produced during the period under review. Our industry also failed to produce large amounts of goods because other goods and raw materials based on production sharing methods were not received. These losses are worth 308 million leva. Industrial accidents caused the loss of goods worth 98 million leva, while the elimination of unprofitable goods resulted in losses worth 58 million leva.

The numerous strikes exerted an extremely negative effect upon the development of production and affected the normal pace of economic life, which applies in particular to the first three months of 1990. The same can be said about the comprehensive slackening of labor and social discipline as a whole.

In the second place, I would like to mention the disrupted balance between demand and supply in the sphere of goods and services. Production having dropped by 9.3 percent, the population's financial incomes, apart form compulsory and voluntary payments, increased by 10.8 percent during the first six months of 1990. This further disrupted the balance and creates prerequisites for the total destruction of our market. The government's policy of reducing incomes was not applied with the necessary consistency and did not produce the awaited results.

In the third place, let us mention the reduced imports of consumer goods. This is another reason for the deterioration of the market situation. The opportunities for providing foreign exchange resources considerably decreased, while trade relations with the East European countries, and with the Soviet Union in particular, were also restricted. In addition to this, a portion of the available convertible currency was used for nontraditional imports of foodstuffs, such as oil, sunflower seeds, and other foodstuffs, at the expense of other important consumer goods likely to increase the variety of supplies on the market. The disruption of the market balance has so greatly deteriorated that we are threatened by a genuine disintegration of the market. Several additional factors are exerting their impact on this situation.

As a result of the current panic which has involved the people who are afraid of possible price increases related to the expected transition to the market economy and of

their fear of irregular market supplies, certain people continue to hold goods by purchasing enormous amounts of all available goods, regardless of their needs, while others cannot purchase the essential goods.

The shortage of goods on the official market creates prerequisites for expanding the black market and accelerates the process of the so-called dollarization of the economy.

The practice of hoarding consumer goods and foodstuffs for the purpose of selling them at a profit has established itself, despite the efforts of various control organs to try to prevent such acts. This practice affects the interests of the majority of the people, results in the accumulation of illegally earned income, and contributes to inflationary trends.

The tourists who are engaging in illegal trade are causing increased tension on the market. They are engaging in the sale of goods which they import from abroad. The same problems are caused by some of our own citizens who are travelling abroad. The customs control is so ineffective in this respect. In this connection the Council of Ministers adopted a special decision on the struggle against the black market and other forms of illegal trade. We should point out that this kind of struggle is particularly difficult, under the circumstances of a strongly accentuated imbalance in the market.

Neverthleless, such a struggle is absolutely required considering the present sociopolitical situation and the deteriorating civic discipline and moral standards. Being aware of the fact that the lasting settlement of these problems cannot be achieved primarily through administrative methods, but only through a consistent application of the economic reform principles and by introducing a market economy, we should, nonetheless, further intensify the adminstrative-penal measures in accordance with the law.

I think that these measures could be considerably more effective if the citizens got more actively involved in the struggle against the black market, profiteering, and other distortions in the sphere of trade and services. This applies, in particular, to the associations for the protection of consumers, trade unions, and other public organizations.

I would also like to point out that the public has recently raised the question of issuing rationing cards for basic foodstuffs which are in short supply. For the time being, the government does not accept this approach, considering that it contradicts the general logic of economic reform. I propose that the Grand National Assembly commissions further examine this problem and propose alternative solutions for guaranteeing and settling the distribution of a strictly limited range of basic foodstuffs, as long as conditions for profiteering and overstocking exist.

Three: The country's financial situation:

Esteemed National Assembly deputies, the 1990 budget was the first budget in the last 40 years which was not based on a state plan approved by the National Assembly.

In drafting the 1990 budget we devoted serious efforts to restricting our budget expenditures. Nevertheless, our opportunities for more radical changes in the redistribution functions of the budget were not great, considering that the budget had to be adopted before the basic trends of the economic reform could have been mapped out. The budget was drafted on the basis of the old price, taxation, interest, customs, and currency system.

We could not fail to take into consideration the existence of large subisidies, of a strictly centralized social security system, the great expenditures for social welfare programs, and the additional expenditures for the implementation of the decision adopted in 1989 on increasing the wages of medical doctors and teachers and on increasing some purchase prices for agricultural goods.

The growing instability of economic relations with our CEMA partners, and the already mentioned difficulties in the currency sector, exerted its influence in this respect. Despite all this, the first positive steps have already been taken; the subsidies were cut down, the capital investments financed by the states were reduced, and administrative expenditures were restricted. Subsidies for political parties and public organizations were eliminated. At the same time the budget resources for health protection, education, science, and social security were preserved and have even increased.

The unfavorable processes in the material production sphere also had a negative impact on the country's financial situation.

We achieved 41.1 percent of the planned annual state budget receipts during the first half of 1990, while the [word indistinct] amounted to 44.1 percent. The total amount of the state budget deficit during the first half of 1990 amounts to 475 million leva, while the maximum amount determined by law is 1.2 billion leva for 1990 as a whole.

The evaluation of the status of the state budget during the second half of 1990 and the unexpected deficit, in particular, should be considered in accordance with the further progress of economic reform. Delays in the reform are likely to increase the deficit far beyond the limit set by the National Assembly. For this reason I would like to propose that, along with the measures for the following stage of the reform, the National Assembly also adopt a revised version of the state budget by the end of 1990.

The cooperative [word indistinct] and the total amount of money circulating in the country, calculated according to the methods of the International Monetary Fund, is expected to reach a total of 44.370 billion leva by the end of 1990, and has increased by 1.7 percent compared with the end of 1989. If we deduct the increase stemming

from the devaluation of the leva currency, alone, which is a result of introducing the basic currency rate of 3 leva for $1, the total amount of money in circulation has actually decreased. I consider this to be one of the most significant successes of the stabilization measures.

Within the same period, the money resources [parichen agregat]—or the so-called hot money, namely the amounts of money available which are not deposited in banks, and the leftover amounts from payment and current accounts—are at the same level as they were at the beginning of 1990 and amount to 20,250,000,000 leva. The Bulgarian National Bank has approved norms and regulations aimed at increasing credits for the national economic sphere, which indirectly influences the issue of bank notes.

In February 1990 our government submitted our country's official application for membership in the International Monetary Fund [IMF] and the International Bank of Reconstruction and Development, the so-called World Bank. In accordance with this application, several delegations of these two major financial organizations visited Bulgaria over the last four months. During their visits, the experts of the IMF and of the World Bank were thoroughly acquainted with our country's economic and financial situation. On this basis, they are currently preparing relevant reports to the leading organs of the two financial organizations. At the same time, the delegations examined the requirements for the necessary financial and technical assistance to our country.

In observing the normal procedures, we could expect that, as early as toward the end of September 1990, the World Bank and the IMF will accept our country's application for membership at their annual sessions.

Fourth: The foreign economic relations and the status of the balance of payments:

Esteemed National Assembly deputies, in the field of foreign economic relations, we are living through a process of painful readjustment to a radically changed atmosphere, a process which is unprecedented in the postwar period. In addition, the process is developing at such a rapid pace that its results are ahead of the opportunities for adjustment available to our national economy and to our society. This at least applies to the present stage.

I am talking about the combined effect of the crisis prevailing in recent years as a result of our country's foreign debt in convertible currency—which we are unable to repay, and of the profound state of shock that the system of cooperation within the framework of CEMA is currently undergoing. This shock particularly affects our own economic system, as a result of the relatively high share of CEMA member countries in our total trade exchange system.

During the January-June 1990 period we felt the first results of the new foreign economic situation which were rather unfavorable for us. Unfortunately, there is no reason to believe that this situation may improve in the near future. The adjustment we are confronted with is perhaps the greatest challenge that we, as a national economic system and as a society, are expected to cope with in the coming years.

Our debts toward the CEMA member countries increased during the first half of 1990. Considering the general credit balance by the end of 1989, that amounted to 490 million convertible rubles by 30 July 1989, the total deficit balance had already amounted to 116 million covertible rubles by 30 July 1990. This is not excessive, but our deficit balance with two of the countries, namely Poland and the GDR, is considerable.

This trend seems even more disturbing if we consider the lack of a multilateral system of payments among the East European countries. Along with the substantial falling behind on our obligations in the sphere of exports, the speculative operations related to the conversion of convertible rubles into Western currency—which were effected by companies and by private persons in the recent past, play a considerable role in our large deficit balances with certain countries. We are now examining this method of transferring money through various countries in connection with the implementation of the monetary union between the GDR and FRG, but the amount of this transfer is worth several hundred million [word indistinct].

A peculiar situation has emerged within the framework of the currently valid agreement for non-commercial settlements among CEMA member countries.

We should pay particular attention to our trade relations with the Soviet Union. During the first half of 1990 we earned profits worth 2.383 billion convertible rubles from our exports to the USSR, while during the same period in 1989, we earned only 3.285 billion rubles [R] which is R900 million less. Naturally, we should take into account the expected total reduction of our exports to the USSR in 1990 which amounts to R1.3 billion, according to the bilateral protocols we signed.

As I already pointed out, considerable difficulties have recently emerged in connection with the supply of traditional, basic raw materials from the Soviet Union to our country. I am speaking especially about oil, fuels, metals, and cotton. Only in the case of oil, approximately 700,000 tons were not delivered, while in the case of metals, the quantity of undelivered raw material amounts to 500,000 tons. We conducted negotiations at the government level with our Soviet counterparts to optimally ease the results from the difficulties which have emerged in connection with material supplies for our economy. From this point of view, we should keep in mind that, regarding our exports to the Soviet Union, we have failed to deliver goods worth R700 million, including raw materials and consumer goods worth R380 million, which are of particular interest to the Soviet Union.

The most crucial problem the government had to cope with from the beginning of its term of office was the problem of payments in convertible currency. It is a well-known fact that 1990 ended with a negative balance amounting to a deficit of $326 million; subsequently, our country's total foreign debt increased $10.65 billion by the end of 1990. [dates as heard]

I consider it unnecessary to dwell on the historical background of this question, taking into account the briefing of the Minister of Finance and the additional data available to you. I also have in mind the fact that a special parliamentary subcommission is expected to deal with the problems of the foreign debt.

I would just like to stress again that under the specific circumstances we had no other alternative except the timely stopping of payments and the beginning of negotiations with our creditors.

If the government should be criticized for something it is the fact that it did not take this step earlier. Such an action would have permitted us to save a larger amount of our currency resources. Nevertheless, we were obliged to exploit all opportunities for other solutions before we had recourse to this painful measure.

After the payments were stopped, the government and the Bulgarian Foreign Trade Bank adopted simultaneous measures for achieving a solution that should be acceptable both for us and for our partners. We agreed on postponing our debts with foreign banks until the end of September 1990, by pursuing talks aimed at achieving a comprehensive and long-term agreement in the meantime. We should expect that our country's association with the IMF should contribute to a successful ending of these talks.

Naturally, a permanent settlement of this problem for our country does not consist of postponing our debts, but of our capacity to drastically increase our foreign currency receipts and to restrict our currency expenditures through economic measures. This is the meaning of the new currency regulations introduced by the government, in accordance with the government program based on the well-known and widely criticized Decree No. 32 issued by the Council of Ministers. We regard these regulations as an essential step toward creating a domestic currency market and, as a result of this, toward the establishment of prerequisites for a transition to the converible leva currency.

If we deal with the results of the first half of 1990, I would point out, above all, that our negative balance of payments has improved by approximately $500 million compared with the same period of 1989. This result was achieved at the expense of considerable restrictions and difficulties which we are all experiencing, but we have no other choice.

We must stress that the worldwide financial public already recognizes and duly appreciates the results of our efforts in this respect. There is no doubt, whatsoever, that this will exert a beneficial effect on our further negotiations on postponing Bulgaria's debt and in discussing our applications for joining the IMF and the World Bank.

Five: On social policy:

Regardless of the difficult economic situation, we announced in our programmatic declaration that we intend to devote our efforts and resources to the most crucial social problems of the country. We did everything within our power to fulfill this obligation.

The first step toward ensuring the social protection of our citizens in the initial stage of economic reform was accomplished by spending more on social welfare in 1990, than in 1989. Despite the difficult budget situation, the expenditures for pensions increased by 341 million leva, while the resources for the health protection sector increased by over 2 billion leva and their relative share in the national budget increased from 4.5 percent in 1989 to 7.2 percent in 1990.

Considering the current financial difficulties, workers earning small wages were treated on a priority basis and the same applies to pensioners, invalids, students, newlyweds, large families, and children. Measures were also adopted for the elimination of unjust wage scales in the case of certain workers' categories, an injustice which had accumulated over a long period of time.

A series of socioeconomic measures were drafted and entirely, or partially, put into operation for the solution of such problems.

As of the beginning of 1990, the wages of people employed in the educational and health sector were increased. This decision was adopted by the former government, as you know. The additional expenditures from the state budget for this purpose amounted to 693 million leva per annum, contributions for insurance included. As a result of this, the wages of medical workers alone increased by 56 percent in 1990 compared with 1989.

As of 1 July 1990, the minimum wage in our country is set at 160 leva monthly. The wages of some categories of workers who are not engaged in material production have increased. As of 1 April the minimum monthly pensions were increased from 70 leva for personal pensions and 60 leva for inherited pensions to 100 leva for both. This increase involves 1 million pensioners, while the resources allocated for pensions are increasing by approximately 170 million leva.

From the beginning of 1990 maximum pensions were reduced to 500 leva. This restriction affected 1,550 people and had a social rather than a financial effect. As a matter of fact, the annual amount saved by this measure is less than 2 million leva.

In the meantime the Council of Ministers decided to submit a proposal to the Grand National Assembly that minimum workers' pensions should be increased to 120

leva monthly, while pensions for other categories of working people and employees should be limited to a 100 leva minimum as before. We consider this a more just solution, at least from the social point of view.

As of 17 April 1990, the monthly children's allowances paid in addition to the regular wages shall apply to children up to the age of 18, if they are attending educational institutions, instead of up to the age of 17, as in the past. An additional amount of approximately 40 million leva has been allocated for this purpose.

As of the beginning of 1990, we introduced a system of registering, retraining, and assisting the unemployed. A total of 121 agencies for assistance to unemployed workers are already operating all over the country. Unemployed workers are granted indemnities and financial aid for a period of nine months after they have been dismissed, the amounts being progressively reduced in accordance with their former wages, but not exceeding the limit of the mimimum wage.

The indemnities paid to the unemployed by 10 July 1990 involved 9,399 people and total 2,778 leva. Considering the doubts repeatedly expressed in connection with the real unemployment figure in our country, doubts which I think are quite justified, I would like to announce that we are now working, together with the trade union organizations, on a project aimed at improving the system of examining and analyzing the real level of the unemployment rate.

As of 1 July 1990, we adopted measures granting free access to medical supplies for a greater number of people, while certain privileges were abolished in this respect. Citizens whose monthly incomes are between 100 leva and the minimum wage, pay only 25 percent of the price of the medicines. The same applies to medicines and dietary food for children between the ages of six and 14. The regulations on monthly allowances for people with low incomes have also improved.

One of the major problems to which we devoted special attention was the employment and labor training of invalids. A decree was adopted on 4 July 1990, according to which legal protection and social security are guaranteed for invalids who are willing and able to work, despite their reduced working capacity.

The government also approved a system of measures on examining and assessing changes in the population's living standard which reflects fluctuations in incomes, changes in the living standard, the social existence minimums of various social groups, the changes in the commodity-money correlation, the rate of inflation, and so forth. A new method for the comprehensive observation of retail prices is under preparation. It is expected to specify all emerging fluctuations of prices and shall be used as a basis for calculating the indexes of consumer goods prices. The data provided in July show an increase of inflation processes in the country.

The government, in cooperation with the trade unions and with the economic managers' association, is preparing a draft program on compensating citizens whose incomes are affected by inflation through indexation in accordance with the inflation rate. This program is aimed at protecting certain categories of people, especially those with low incomes.

The government's economic program, which was approved by the National Assembly on 29 March 1990, unequivocally points out that the government is firmly resolved to promote a policy of price liberalization according to which 40 percent of the commodity turnover and approximately 60 percent of services are expected to be based on market economy prices, by the end of 1990.

As a result of the initiated price liberalization, but also as a result of various other causes—such as the current, heavily distorted pricing system, the comprehensive shortage of goods, the monopolism of producers and tradesmen, the ready-cash demand which considerably prevails over supplies available on the market—prices are increasing and this will make life more expensive in our country. Apart from the price increase for liquid fuels, a decision that the government was forced to introduce as a result of the extraordinary circumstances, the price increases are decided by the commodity producers themselves. Naturally, they are responsible for their actions. In the future an increasing number of price setting functions will be transferred from state institutions to producers and tradesmen.

Neverthless, the government cannot remain a passive observer of this process, especially when the living standard of millions of people is at stake. The aforementioned program on overcoming the economic crisis and expanding economic reform envisages the payment of compensation in case of price increases, especially to people with low incomes. A series of consultations took place over the last months between the government, the leadership of the Confederation of Independent Trade Unions in Bulgaria and the Leadership of the Economic Managers Association. The Podrkepa Trade Union Labor Federation recently joined the consultations.

The experts have prepared several alternative solutions for indexing wages, pensions, scholarships, and various forms of subsidies, and allowances. The projects differ from each other only on the question related to the the method of compensation. We are all convinced that people with low wages and pensions should be fully, namely 100 percent, compensated for their losses. We also share the same ideas on compensations for scholarships, allowances, and subsidies. The differences are only related to the extent of compensations for average and higher-level incomes.

We, namely the government, have reservations concerning the extent of compensation in the case of average, and of higher-level incomes, in particular, for the following two reasons:

Such compensations require additional financial resources from the state which are likely to prompt further inflation and to propel our country into a permanently escalating process of inflation. In addition to this, inflation is likely to prevent the urgently required major economic restructuring.

As the experience of other countries shows, this method of granting compensations for for high, average, and low incomes alike would involve very serious consequences within the forthcoming years and will seriously affect the working people's interests.

As a result of this approach, once we have become entangled in an escalating inflation process, we will hardly be able to overcome it. This method of compensating for all types of incomes is not likely to meet the approval of our foreign partners, especially as regards the creditor banks with which we are negotiationg the postponement of our debts, and the same applies to the International Monetary Fund and the World Bank which are expected to discuss our application for membership as early as in September 1990, involving all kinds of credits for our country.

We can say at this point already, that, if we consent to grant full compensation for all types of incomes, we can hardly rely on the confidence of the worldwide financial community, without whose assistance we could never overcome the economic crisis.

The experts' meetings on this question will be pursued and we hope to reach a sensible and acceptable solution within the forthcoming days. The payment of compensations should begin on 1 October 1990 at the latest, with regard to the increase of prices over the period following 1 July 1990.

We revised the classification of payrolls in connection with the retirement conditions of 686,000 workers employed in the metallurgical industry, chemical industry, machine building, light industry, agriculture, and other branches, on a broad social basis and with the participation of the trade unions and the respective enterprise managements. Six pay-roll categories were established in order to provide more just conditions for people's retirement. In the meantime we have adopted measures for improving labor conditions, which should be a priority trend of our activities.

We are preparing a draft law on social welfare which is expected to improve and expand our social security measures. The new draft law is expected to adopt uniform principles and criteria for the categorization of workers. At the same time we are planning to introduce amendments to the pension law, providing favorable conditions for early retirement—at the age of 52 for women and at the age of 57 for men upon completion of a full term of service—in the case of dismissals resulting from partial or total closing down of enterprises, in case of illness, or for other, similar reasons.

The Council of Ministers adopted a draft project on amending the National Health Law which authorizes physicians, dentists, and chemists to work on a private basis. This provides greater opportunities for the citizens to use medical services according to their own choice. The draft project in question will be submitted to the Grand National Assembly for discussion.

We are now devoting all our efforts to drafting the new laws on health services and health insurance basing ourselves on foreign experts' opinions, including those of WHO specialists.

The material facilities of the health protection and social welfare sectors have considerably expanded over the last months through the dedication of numerous buildings, which served other purposes in the past, and are now being adapted for old people's homes, children's institutions, and other purposes.

The government allocated nearly $20 million for the supply of medicines, medical equipment, and other facilities during the first half of 1990. In addition to this, we provided $4.5 million for the purchase of raw materials serving the domestic production of medicines and medical drugs, and $3 billion for the equipment of the country's cardiological centers. As for the second half of 1990, we are planning to provide $20 million for medicines and $12 million for medical drugs and raw materials.

As a matter of fact, despite the existing, extremely critical foreign currency situation, this is the largest foreign currency amount that has ever been allocated for the needs of our national health sphere.

According to the 1990 housing program, 61,000 dwellings are planned to be handed over for general use. The municipal people's councils are the investors providing the funds for the construction of 85 percent of the planned housing construction. During the first six months of 1990, a little more than 8,000 dwellings were built and handed over for occupation, which represents only 13 percent of the year's program. The point at issue is not the shortage of funds, but rather a wrong policy with no future in the field of housing construction and allocation. We consider that the present system, and the acceptance by the municipal people's councils of almost the entire responsibility for meeting citizens' housing needs, should be replaced by a fundamentally new law, which should remove the numerous obstructions to individual and group initiative in the field of housing construction. The state should only bear the responsibility for the construction of dwellings to be handed over to families in need of social protection. Attention should also be paid to the questions connected with the creation of more effective credit and other assistance for the building of houses by young families.

Sixth. The economic reform [words indistinct].

Esteemed people's deputies, the government's program for emerging from the economic crisis envisages the implementation of a complex of immediate measures

within the framework of the main principles of the economic reform. This reflects our firm conviction that there is no reasonable alternative to transition to a social market economy, and that only by supporting the policy of economic reform it is possible to overcome the crisis and restore the economy.

What has been done over this brief period in order to make a start on the economic reform?

First, by making amendments and additions to Decree No. 56 and the regulations for its application, as well as by amendments to the Constitution, the Law on Property, and other legal acts, equal conditions under the law have been created for the development of all forms of property and of all forms of economic activity. A broad deregulation of economic activity has been carried out. The government and the ministries have repealed hundreds of administrative and bureaucratic restrictions and regulations, which blocked initiative and enterprise and limited individual forms of economic activity. All this created a situation in which freedom and private economic activity were provided better judical protection. The legal encouragement was provided for developing small-scale private agricultural production, trade and services, and small private enterprises. State and municipal companies were granted the right to sell by auction machines, installations, vehicles, and other basic means to cooperatives and private companies, as well as to lease out machinery, small and medium-sized enterprises, temporarily frozen investment projects, hotels, workshops, etc. The majority of the restrictions on private firms were removed.

Second, a partial liberalization was carried out of the prices for certain goods and services, as far as this was possible in the conditions of the still undeveloped socio-economic reform. This was accompanied by certain measures of control, in order to prevent the excessive development of inflation.

Third, in view of the crucial importance of agriculture for the economy, for the consumer market, and for increasing the country's export potential, the economic conditions for this sector's development were radically changed. We are abolishing the system of state orders. A system of free market pricing was introduced for agricultural output, with the exception of grain, meat, milk, sunflowers, sugar beet, with fixed minimum, or protective purchase prices for a number of agricultural products. A national bank for farming credits was founded, which will primarily serve private agricultural farms. The bank will grant credits at a privileged interest rate of 2.5 percent, with the difference between this and the normal interest rated being covered from the state budget. Private redemption activity is protected by the law. Labor cooperative farms and other agricultural organizations were freed from the obligation to pay back debts relating to capital investments up to 31 December 1987, and from repaying debts arising from shortages of funds for wages for 1988, which represents a total amount of 2.2 billion leva.

All categories of farms may choose themselves the method of marketing their agricultural output and, if they directly export their own products in a fresh or processed condition, are entitled to retain 50 percent of the foreign currency obtained. The profits tax on agricultural activity has been reduced to 10 percent, compared with 50 percent for other branches of industry.

Fourth, uniform foreign exchange conditions have been introduced for all firms in relation to the sale and purchase of convertible currency, as well as the use of the market rate for foreign currency auctions.

Fifth, a complete reform has been prepared for interest rates on the credits and deposits of economic organizations and citizens, which envisages a considerable increase of the average interest rate level on deposits and credits.

Someone might say that more could be done in the field of economic reform. This is certainly true. However, I would like to stress once again something which I have said more than once. The tasks of implementing an overall radical economic reform are not within the powers of any single-party government in Bulgaria. Only a government enjoying wide parliamentary and public support can carry through the economic reform. Furthermore, we are guided by the firm conviction that the economic reform cannot be implemented by decrees and administrative measures, but must rest on a solid legal foundation. For this reason, apart from the specific steps which I have mentioned, we have put considerable efforts into preparing certain basic draft laws. Today, the following draft laws directly connected with the economic reform are being submitted to the chairman of the Grand National Assembly:

—a law on agricultural land;
—a law on sale and conversion of state and municipal companies;
—a law on defense of competition;
—a law on stock exchanges;
—a law on banks and credits;
—a law on the Bulgarian National Bank;
—a law on amendments and additions to the Labor Code; and
—a law on amendments and additions to the Law on Pensions.

Other draft laws on economic matters are at an advanced stage of development, such as a law on foreign investments, a law on social security, a law on transactions with foreign currency valuables and on foreign exchange control, a law on the budget, a law on taxation of the incomes and property of physical persons, a law on profits tax, a law on value-added tax, a law on customs duties, a law on taxation control, a law on the cooperatives, a law on auctions, a law on insurance, a law on immediate additions to the Labor Code, and a number of other bills.

The draft laws will also be submitted to the Grand National Assembly during the next few weeks. We do not claim, esteemed People's Deputies, that the draft laws

being submitted or prepared at the moment are perfect, but we hope that they will serve as a basis for constructive, in-depth discussion in the permanent commissions of the Grand National Assembly and in the Grand National Assembly itself.

Seventh, on ecological policy.

Considering the country's severe ecological problems, the government has concentrated its efforts and funds in the following directions:

First, the development of a program for urgent measures to improve the ecological situation. This has the aim of formulating the immediate tasks concerned with resolving certain especially severe problems in the regions, industries, and types of production which are most complex from the ecological viewpoint. Our efforts are directed toward fulfilling 134 tasks in the regions of Ruse, Sofia, Pernik, Vratsa, Dimitrovgrad, Razlog, Devnya, Pleven, Plovdiv, Burgas, and other towns, along the Danube and in the Black Sea, along the courses of the Maritsa, Iskur, Yantra Rivers, and in agriculture and forestry.

According to a preliminary assessment, about 2.6 billion leva and about $500 million will be required to implement this program during the period until the year 1995. By decision of the Council of Ministers, a draft program is adopted as a basis for the future activities of the ministries, government departments, the executive committees of the municipal people's councils, and companies. In addition to the interested firms and government departments, the draft program has also been handed over to the political parties, movements, and organizations, including the Fatherland Union, Ecoglasnost, and the Green party.

Second, the preparation of a new law on protecting and regenerating the environment. Work is continuing on a new draft law on protecting and regenerating the environment, which is to provide a legal foundation for resolving ecological problems in accordance with the realities of socioeconomic development and the achievements of the most advanced European states in this respect.

The draft law is to be submitted to the Grand National Assembly in the not-too-distant future.

Third, resolving the problems of the regions where the ecological problem is complex. Efforts and resources are being concentrated in order to resolve the main problems in 11 regions with a complex ecological situation. Operational decisions have been formulated which are in the process of being fulfilled, and they are being submitted for public monitoring. The Council of Ministers has adopted a decision to grant large sums in leva and foreign currency for ecological installations in Ruse, Devnya, Vratsa, and Burgas. From the end of 1991, lead production will be stopped in the Dimitur Blagoev Combine in Plovdiv, and a decision is pending on stopping zinc production. Integrated measures have been adopted to improve the ecological situation in the regions surrounding the Georgi Damyanov Combine in Srednogorie and the Pasarel Medet Combine in Panagyurishte.

Following appropriate preliminary preparations on 4 July 1990, the leaders of the Bulgarian and Romanian Governments signed a protocol on the necessary practical measures which the two countries should undertake in order to correctly resolve the existing problems along their common border. The fulfillment of this protocol is underway, and the public is being kept informed about this. The government has also taken additional measures to guarantee the fulfillment of the protocol. So far, about 150 million leva have been invested in order to resolve Ruse's ecological problems and, after the problems in Giurgiu have been eliminated, we hope to achieve a radical change in the situation.

During recent months, the government and its organs made certain painful decisions, despite the country's serious economic condition. Such decisions include closing down the [word indistinct] plant, the cellulose plant in Razlog, [words indistinct] works in Stanke Dimitrov, lead production in Kurdzhali, the copper production combine in Srednogorie, the Elektrometal plant in Sofia, and others.

At the same time, through appropriate government decisions, the necessary economic and financial conditions are being created for eliminating the pollution of the environment. Control has been strengthened and practical measures are in hand to eliminate a number of weaknesses in the Rare Metals Company. The government is soon to examine the condition of certain facilities using sulfuric acid in the extraction of metal, concerning which appropriate decisions will be made.

Experts are in the final stages of their work on determining the precise nature and scale of radioactive contamination permitted for 50 years in the Sofia plain in the region of the Yana, Dolni Bogrov, and Gorni Bogrov. The operation of the uranium mining facility in the region of Bukovo has been stopped, and measures are being prepared for eliminating the radiation-ecological problems in this region.

Having assessed the real importance of the ecological problems and our financial possibilities, the government has done what is necessary to ensure the maximum concentration of domestic resources. At the same time, it is also looking for other possibilities. Negotiations are at an advanced stage with the EC, and certain results have already been achieved. Talks have been held with the World Bank in connection with financing certain installations of primary importance for protecting the environment in Bulgaria. The second stage of the talks lies ahead.

Section Two—concerning the domestic political situation.

I apologize, ladies and gentlemen, but my speech will last for about another 25 minutes, and a hope you will agree that we continue without a recess.

I will briefly deal with the political situation within the country and the government's work relating to ensuring internal order. As you will assume yourselves, I have in mind not the routine work of the executive power, one of the main tasks of which is to defend citizens' rights and liberties and to guarantee the general stability of society. The government's work during the period on which we are now reporting, proceeded under the conditions of the initiating of nonviolent transition from totalitarianism to a democratic social system.

For this reason, our immediate task was contributing to the renewal of society through our own democratic initiatives and by supporting the democratic initiatives of all political forces. Our main efforts were aimed at safeguarding civic peace. We were forced to act in an atmosphere of heated public debates in which the polarization of political forces continued to prevail. In numerous cases, the situation was even becoming explosive. Some people reprimanded the government for not showing enough strength, while others criticized it for supposed intentions. We relied on the people's common sense being aware of the unpredictable consequences stemming from all too hasty decisions. We placed the principles and values of civic peace above all things. In the most complicated situations we tried to preserve our self-control and we did everything within our power in order to prevent ourselves from contributing to the escalation of tension.

With the assistance of all social forces, we managed to overcome crucial situations of crisis, at least for the time being. We are convinced that the future government will pursue this line of policy.

Within the framework of our competences we actively supported the development of a multiparty system in our country. We tried to treat all political forces in the same manner and to provide all necessary organizational-technical and material conditions for their activities as early as before the decisions of the national roundtable and the Law on Political Parties were adopted.

As it is the custom in all civilized countries, we contributed to the expansion of the opposition's activities and to safeguarding the real freedom of the press, to the normal functioning of all mass media and cultural institutions.

Generally speaking, we can say that we have contributed to the development of real political pluralism.

Under the circumstances of growing political instability, certain additional measures related to the struggle against crime and economic offenses prevailed during the period under review. As you know, the crime rate is increasing and we were obliged to protect the safety and legitimate rights of all our citizens.

At this point, I would like to stress the activities and role of the Ministry of Internal Affairs organs, in particular. As you know, after being subjected to a critical reassessment of its past, the ministry adopted specific measures for its own transformation into a supra-party institution. In implementing all these changes the ministry's leadership firmly took care that the militia organs should exercise their functions in a spirit of glasnost and openess by subjecting their activities to the supremacy of the law and acting under the parliament's democratic control.

The Council of Ministers wholeheartedly supported this policy.

We devoted considerable efforts to the consolidation of social peace. With the active cooperation of the trade union organizations in particular, we managed to control the chaotic development of strikes as a purpose in themselves and the trend of using strikes as instruments of political pressure.

I would like to point out, in particular, the general agreement signed by the Independent Trade Unions Confederation, the Economic Managers Association, and the government. The signing of this agreement established the foundations of a social partnership policy in our country.

This policy represents a totally new, an unusual practice in our public life. We proceeded toward its implementation in the conviction that it will enable our society to overcome the difficulties along the path of building a socially-oriented market economy.

The contacts established with representatives of the Podkrepa Labor Confederation and their participation in discussing the question of income indexation and of assisting socially weak strata of the population are promising in this respect.

In pointing out these facts, I am by no means trying to idealize the situation. The future government will face serious trials. Being at the same time an organ of power and an employer of numerous civil servants and state employees, the government will be exposed to criticism from all sides. However, as I already stressed, we highly appreciate our contacts with trade union organizations. I am convinced that the positive aspects of such contacts will become increasingly important in the future.

The participation of the government and of the local government organs in organizing and implementing free and democratic parliamentary election was one of the most important highlights of our work during the period under review.

In our declaration adopted on 8 February 1990, we announced that in our activities connected with the preparation of the elections we would be guided by supra-party interests and that we would do everything within our power to guarantee that the election campaign and the elections proceed in a peaceful and democratic atmosphere, based on the observance of law and order.

The government successfully accomplished this task as whole. With the assistance of the local government organs, and in close cooperation with not only the central and the local electoral commissions, but also with the

active participation of civic organizations and associations, we managed to guarantee the necessary conditions for normally proceeding elections. This was a difficult and complicated task. Some shortcomings occurred and we committed certain mistakes which we corrected in the process of our work and with the assistance of the Central Electoral Commission. Without overestimating our contribution which was restricted to providing the necessary organizational-technical facilities for the elections, we cannot help being pleased by the evaluation of the foreign observers who attended the elections.

We think that this is a common achievement of all political forces, of all our society, of Bulgarian democracy as a whole.

Section Three—concerning foreign policy.

In the sphere of foreign relations, the government's activities during the period under review were, generally speaking, devoted to the goal of opening up to the world, and obtaining recognition and support for speeding up and facilitating the democratic processes and the transition to market economy in our country.

The democratic renewal of society in our country opened up the path of a radical change of priorities in the foreign policy field, for rejecting outdated ideological cliches, and for adjusting our priorities to the newly emerging domestic and international realities.

Bulgaria's participation in international relations was comprehensively intensified in all geographical spheres. In order to emphasize this fact I would like to point out the establishment of diplomatic relations with the Republic of Korea, and the restoration of our diplomatic relations with Israel. These are steps of a considerable political, but also economic significance.

Under all circumstances, our major efforts were devoted to intensifying our contacts with the highly developed countries, stimulating the processes of Bulgaria's integration with the European structures, and joining the major worldwide trade institutions.

Along with this, we devoted considerable efforts to the preservation of traditional relations with our former partners, which played and still play an important role for our country's interests, primarily such as the countries of East Europe and the Soviet Union, and the same applies to our relations with the Balkan and Middle East countries.

Reviewing the accomplished tasks and the goals which today, and also in the future, will exert a prevailing influence upon the country's foreign relations, I would like to point out two very important decisions we adopted in this respect:

In the first place, I refer to the signing of a cooperation agreement with the EC, and generally speaking, to the drastic intensification of our relations with this powerful, integrated group, and also to our contacts with the individual EC member countries.

In view of this, our progress toward Europe became a real process. We can also rely on considerable economic, financial, and technical assistance for the democratic reforms in our country as a result of Bulgaria's integration with the so-called Group of 24, in which 12 additional, advanced countries, including the United States and Japan, are participating along with the regular EC members.

We already mentioned the work related to Bulgaria's association with the International Monetary Fund and the World Bank. These are decisions on a long-term basis. Their implementation is organically linked with, and contribute to, the expansion of democratic, political, economic, and social reforms in our country.

At this point, when we are witnessing and participating in the process of overcoming the division of the world into blocs, and in building the foundations of united Europe, we can find a lasting and promising solution for Bulgaria's security in all its aspects—from the military-political to the humanitarian and ecological aspects—only in an all-European context. It is for this reason, precisely, that we support and are ready to contribute to the establishment of a comprehensive system of security and cooperation in Europe that will increasingly be based on disarmament, mutual confidence, political guarantees, and on common moral, cultural, and humanitarian values, as well as the mutual dependency of economic interests.

In this spirit we are actively participating in the preparation for the all-European summit meeting which is scheduled for November 1990. We also contribute to and participate in the joint activities of the allied countries for transforming the functions and mechanisms of cooperation within the Warsaw Pact, in conformity with the new realities. We have declared our readiness and we are already involved in consultations for establishing diplomatic relations with NATO, on the basis of the London Declaration of the NATO Council.

Bulgaria is situated in a geographical area with a stormy past, burdened by the inheritance of national and territorial conflicts, at the crossroads of various civilizations on the threshold of Europe and Asia.

Taking into consideration the influence of this fact on the country's security under the circumstances of a new international situation, our own specific national stand was formed, and is actively supported at the negotiations on conventional disarmament that are underway in Vienna.

We are striving for a solution on the southern flank that will serve both the interests of Bulgaria and the other countries situated in that area.

Let us say a few words about our relations with the Balkan countries:

The path toward the future bilateral and multilateral cooperation with them can only be promoted by accepting all individual, positive aspects of the Balkan

countries, cooperating with them on regionally important issues, and joining together with our neighbors in the all-European activities for building a united Europe.

It is precisely for this concept, that organically combines Bulgaria's national interests and their protection with the assertion of the principles of civilized international communications, that we subjected our recent, rather intense bilateral contacts with our neighboring countries.

As to the basic issues of our foreign policy, a wide consensus among the sociopolitical forces in our country is emerging in this respect. The advance consultations with their representatives, and their participation in forming, developing, and determining the positions on the nationality issue and the Bulgarian stand at the European human rights forum in Copenhagen, represents a positive beginning. This will hopefully be developed further, and will assert itself in building the specific mechanisms on the basis of which the Grand National Assembly is expected to exercise its competence and control functions in the sphere of foreign relations.

I would like to submit a few closing remarks at the end of my report:

Esteemed National Assembly deputies, I reported the most essential facts related to our activities over the period under review as of 8 February 1990.

I realize that our work is not unanimously appreciated. During the election campaign the mass media subjected and are still subjecting the government to extensive criticism. The major trade union organizations also claim their right to criticize us.

I must admit that the government accepts all critical remarks whenever they are justified as a natural phenomenon, as a confirmation of democratic spirit and pluralism in our society. We are willing honestly and objectively to discuss any critical remarks, provided that they are not prompted by other motivations which have nothing in common with the government's work.

I hope that in the course of the ensuing debates these critical remarks will be a subject of serious and professional discussion conducting us to joint conclusions in the interest of further expanding the political and economic reforms in our country.

I would, however, like in the last portion of my report to share a few conclusions with your for which I am ready to assume personal responsibility, without involving either the party, or my colleagues from the Council of Ministers.

The first and most important of these conclusions is related to the acceleration of the economic reform in our country. Its postponement, or its halfhearted implementation would only further intensify the country's present economic difficulties and further prevent us from overcoming them in the future.

In order to overcome such difficulties, we should adopt the basic economic laws on a first priority basis and we should fully dismantle the remains of the command-administrative structures in our country and eliminate all relapses into bureaucratic methods which are still playing a role in our economic life.

Some people may ask whether, in demanding an acceleration of reform, I am not going back to the so-called shock therapy. No, I am convinced that wordwide experience provides a sufficient number of solutions for a prompt and radical economic reform on the basis of the market economy principles which guarantee a tolerable extent of social sacrifice and effective social welfare measures.

My second conclusion is the following: The international factor is becoming increasingly important. From this point of view, we can no longer assume that economic reform is our internal affair, that we can adjust its substance, its pace, and extent to our own wishes. The integration of economic structures without which Bulgaria cannot become a full member of the civilized states' community, imposes certain rules of the game and requires respective discipline in the financial, budgetary, currency, trade, and in other sectors of our economic life.

It is our privilege to accept, or refuse subjecting ourselves to this discipline, but in exercising our right, we should fully realize that the support of the international community will depend on our own choice.

Regardless of how unpleasant this may sound, we should admit that the recent growth of private and public consumption in our country was a borrowed luxury based on borrowed resources at the expense of our state's increasing domestic and foreign debts. No matter how dissatisfied we may be about the standard and quality of consumer goods in our country compared with the more developed countries, this consumption was nevertheless excessive relative to our country's real economic potential. Our success in overcoming the crisis which affects us today will require comprehensive measures in various directions, including a more dynamic development of our national production, in the first place, and the expansion of our spirit of enterprise and initiative in all economic spheres, the private sphere included. However, we cannot stabilize our economy and ensure the prerequisites for real growth without a temporary restriction of our domestic consumption.

Naturally, this cannot and should not happen at the expense of certain social groups, who in any case, are living on the brink, or even below the minimum living standard.

My fourth [as heard] conclusion is that the further dynamic development of production and of economic initiative, the fundamental reforms in the sphere of ownership and administration, and the restriction of domestic consumption should enable us, as early as in 1990 and within the forthcoming two years, considerably to increase our exports to the European and world market, to increase competitiveness, and effectiveness of our production.

This is a question of survival, and the solution of this problem requires the total mobilization of the nation's efforts.

My fifth conclusion is the following: If we are really convinced that the introduction of a market economy is Bulgaria's only chance, and that we have no other alternative, we must accept price reform and its consequences as inevitable.

It is another question that the change of prices, as the trade unions and economic experts have pointed out, should not be regarded as an isolated factor, separated from all the other aspects of the reform, such as the consolidation of our national currency, the normalization of the exchange rate, the demonopolization and expansion of competition, the establishment of a normal market infrastructure, stimulation of production, liberalization of imports, and others.

This does not mean, however, that the urgent measures in the sphere of price liberalization can be postponed ad infinitum. This would only accelerate the process of the domestic market's disintegration, it would increase the budget deficit and the foreign debts, and last but not least, it would result in further economic destabilization, and in further inflation pressure.

We cannot overcome this situation by postponing the price reform, but only by accelerating the other measures to which it is organically linked.

My sixth conclusion is the following: It is becoming increasingly evident that the reform not only depends on the activities of the political forces and state institutions, but that it depends, above all, upon the public's readiness to accept and support the reform by assessing the future chances of success and the forthcoming difficulties alike.

From this point of view, I think that the three following factors play an important role, namely: The effectiveness of social protection which we should guarantee to the most vulnerable groups of our population, such as the unemeployed, the workers with low wages, old people, invalids, adolescents, and children; the cohesion of the major political forces rallied around the main trends of the reform; the achievement of parliamentary consensus, and the appointment of a government, based on responsibility toward the nation and on the people's confidence, government which should enjoy extensive political support.

Another important factor is our ability, clearly and sincerely, to inform the people about our true state of affairs in our country and the ability to explain the domestic and international problems we are facing, and also to explain why the transition to a social market economy is our only sensible alternative today.

Last, but not least—we must be capable of convincing ourselves and the people that, under the transition to real democracy and market economy only civic and social peace, only the full mobilization of human resources and of the nation's intellectual potential, only discipline and a lofty civic consciousness are the correct methods of rescuing Bulgaria from the current crisis, and that we should prefer all these efforts to disunity and confrontation.

The Bulgarian people are capable of achieving these goals.

It is the duty of the Grand National Assembly and of the state organs which it is about to establish to guide the nation's efforts in this direction.

I shared these thoughts with you, in full sincerity, not because I would like to impose my advice on the future government. I would certainly be pleased if this government should consider them useful for its future work. I expressed these ideas convinced that the situation requires prompt and even urgent measures. I shared my ideas because, despite the general concern and the worries which accompany us in our everyday life, I believe in the ability and energetic will of the Bulgarian people and of those who are representing them here in the Grand National Assembly which was elected in a free and democratic manner.

Thank you for your attention.

Opposition MP Criticizes Lukanov Economic Policy

AU0808194090 Sofia BTA in English
1754 GMT 8 Aug 90

[Text] Sofia, 8 Aug (BTA)—The Union of Democratic Forces (SDS) should exist as a competent opposition orientated to the right, economist Ivan Kostov, a national representative of the SDS, stated. According to him the need of a right-wing opposition is dictated by the public pressure. Mr. Kostov considers that the true character of what the public is anxious about is "sobering down by giving up all socialist illusions, ideals and values."

This means to realize what the actual reality is and this insight cannot be directed to the sole real alternative of the so-called "socialist society"—Western Europe, Ivan Kostov told a BTA reporter.

The other reason the M.P. mentioned is that Bulgarian society is coming to a historical turning point. Mr. Kostov, who chairs the Parliamentary Standing Committee for Economic Policy, considers that the Socialist forces are prone to stressing the priorities of the economic reform in the wrong way. Under the pretext that he was taking care of the social guarantees promised by his party to the people in its election campaign, Premier Lukanov in actual fact completed the total destruction of the country's economy in the last six months, Mr. Kostov said, adding that no reform could be carried out if the stress is laid on social guarantees. In his opinion the Bulgarian Socialist Party and the parliament controlled by it are incapable of implementing the much needed reform.

Parties Debate President's 'Consultative Council'

AU0808191690 Sofia BTA in English
1735 GMT 8 Aug 90

[Text] Sofia, 8 Aug (BTA)—Animated discussions on the setting up of a consultative council of the parties represented at the Bulgarian Parliament with the presidency are being held by the political forces in Bulgaria, the head of the office of the president, Mr. Ivaylo Trifonov, told a BTA reporter.

The idea for this council was put forward by President Zhelyu Zhelev. He mentioned it in his first address to the nation made last Sunday [5 August] .

It has been already decided that the parties which won seats in parliament will have three representatives each in the council, Mr. Trifonov said. But their names are not known yet.

Bill To Reduce Army Service Passes First Reading

AU0808192990 Sofia BTA in English
1750 GMT 8 Aug 90

[Text] Sofia, 8 Aug (BTA)—The term of service in the Army will be reduced from 24 to 18 months. This is envisaged in the draft law amending the Army Service Act which was adopted today at first reading by the Grand National Assembly.

The question of the Army service term was raised in the election platforms of the political forces. The Bulgarian Agrarian Party and the Union of Democratic Forces suggested that the term should be 12 months.

The minister of national defence, Army General Dobri Dzhurov, stated that at the moment the Army service term could not be shortened without seriously damaging the security of the country. In his opinion the reduction of Army service to 12 months can be discussed only after the conclusion of the Vienna agreements and after Bulgaria's neighbours reduce their armed forces.

After the positive changes in the international situation of the last years, the numerical strength of the Bulgarian Army was cut by 10,000 people in January 1989. Now its numerical strength is 107,000. There was a 12 percent cut in the country's military budget, too. In 1989, by a decree of the State Council, the Army service term for university graduates was reduced to 12 months. This term has been preserved in the present amendment to the Army Service Act.

Human Rights Leader on 'Illegitimate' Dismissal

AU0808171490 Sofia BTA in English
1554 GMT 8 Aug 90

[Text] Sofia, 8 Aug (BTA)—A third wave of internal dissension in the Independent Human Rights Society, the chairman of the society, Mr. Rumen Vodenicharov, said about the latest conference at which 30 representatives "dismissed" him from the chairmanship. Mr. Vodenicharov defined the conference as an "illegitimate" one and said that the only purpose of the "new" leadership was to take seats in the Bulgarian Parliament. Although his term as chairman of the Human Rights Society expires in January 1991, he is going to leave the post in September this year, announcing his resignation at "a true conference." I and the other two members of the society who won seats in the Bulgarian Parliament have enough work to do in the parliamentary committees, he said. According to him, the Committee on Ethics of the Union of Democratic Forces should settle the argument with the so called "new" leadership.

After the previous waves of internal dissension, some members of the Human Rights Society left it and proclaimed themselves to be "individual champions of human rights," while others had to agree that there should be no polarization in the Human Rights Society. In his opinion it is not necessary for the society to be a mass one any more, it should rather be of higher quality. And if at the beginning, before November 10, 1989, it united people who wanted to be in opposition and felt protected by the society, now the organization should turn into a kind of Bulgarian Helsinki watch.

The Independent Human Rights Society is still a member of the Union of Democratic Forces (SDS), but its chairman underlined that in the Bulgarian Parliament he tries not to be too close to the policy of the SDS because he considers it "not constructive and too narrow" in many aspects. "Even if the SDS had won the elections, we would have tried to be independent," Mr. Vodenicharov said.

Economic Chamber Proposes Solutions to 'Crisis'

AU0808171890 Sofia BTA in English
1411 GMT 8 Aug 90

[Text] Sofia, 8 Aug (BTA)—The Bulgarian Economic Chamber sees the way out of the crisis in the country in the liberalization of the trade in estates, securities and currency valuables and in the liberalization of foreign trade.

The chamber unites some 2,040 economic companies and organizations. Reflecting the position of the business circles in Bulgaria and with the support of the Union for Private Economic Enterprise, the chamber has submitted to the Committee for the Economy at the Grand National Assembly a proposal for the urgent measures to be taken to overcome the crisis.

Special attention is paid to the taxation reform, the demonopolization of economic activity, the elimination of the restrictions on pricing and wages. Stress is laid on the independence of the economic units and their managers, and on the necessity to exercise control by economic means only.

The chamber announces that programmes are being worked out for encouraging private enterprise, technological transfer and ecological protection, the economic reform and the development of market relations.

'Towns of Truth' Memorandum on Local Authorities

AU0908131990 Sofia BTA in English
0733 GMT 9 Aug 90

[Text] Sofia, 9 Aug (BTA)—The "In the Name of Truth" Movement, represented by the Towns of Truth in the country, is worried by the fact that the local authorities are actually inactive, waiting for "instructions from "the top" [quotation marks as received]—their guiding principle at the time of the totalitarianism, it is pointed out in the memorandum of the Towns of Truth addressed to the whole people, the president of the Republic and the mass media.

The movement suggests that by August 18, 1990, the Grand National Assembly should discontinue the prerogatives of the local authorities because of their untenability and should adopt a decision, on the strength of which their functions will be taken over by provisional administrative bodies enjoying the confidence of the leading political forces and the people, which will manage local affairs until the forthcoming elections. As the activity of the commissions set up after November 10, 1989, to investigate the deformations is inefficient, which resulted in mounting social tensions, local expert commissions which are not committed politically should be set up comprising members of the "In the Name of Truth" Movement for the full and objective establishment of the whole truth about the economic and moral crisis in the country, it is said in the memorandum.

Residence Restrictions in Towns Revoked

AU0808170490 Sofia BTA in English
1601 GMT 8 Aug 90

[Text] Sofia, 8 Aug (BTA)—By order of the president of the Republic the decree imposing temporary restrictions on the settlement of newcomers in towns and cities issued in 1974 has been revoked.

Zhelev Meets Soviet Envoy, Discusses Cooperation

AU0808142390 Sofia BTA in English
1233 GMT 8 Aug 90

[Text] Sofia, 8 Aug (BTA)—The president of the Republic, Dr. Zhelyu Zhelev, today received Mr. Viktor Sharapov, ambassador extraordinary and envoy plenipotentiary of the USSR, at the request of the latter.

They discussed in detail the situation and the prospects of Bulgaro-Soviet cooperation in different fields. Views on some international problems were exchanged.

Government Joins Economic Embargo Against Iraq

LD0808192790 Prague CTK in English 1851 GMT 8 Aug 90

[Text] Prague Aug 8 (CTK)—The Czechoslovak Government presidium today decided that Czechoslovakia is joining the economic embargo against the Iraqi Republic and the puppet government of Kuwait. The country thus subscribes to implementation of U.N. Security Council Resolution no. 661.

Deputy Ministers on Situation in Gulf

LD0808214690

[Editorial Report] Prague Television Service in Czech at 2000 GMT on 8 August carries a six-minute live interview conducted by a station reporter with Jozef Pancir, first deputy minister of foreign trade, and (Karel Fisher) of the Ministry of Foreign Affairs, to discuss developments in the Persian gulf.

Asked why it has taken the Czechoslovak Government so long to join the trade embargo against Iraq, Pancir replies that the government and Czechoslovakia reacted to the developments "very quickly and very promptly"; he gives a brief chronology of events. He goes on to refer to the UN Charter on sanctions against those who threaten international peace and to Resolution 661, which is binding on all UN members, and Czechoslovakia as an active UN member has to take part in the embargo. The interview continues:

"[Reporter] Mr. Deputy Minister, Iraq is among those who owe debts to Czechoslovakia. Is that correct? How much do the owe us?

"[Pancir] Yes, Iraq is one of Czechoslovakia's debtors. At the present time it owes us approximately $300 million, which it should have already paid to us for deliveries in the past.

"[Reporter] Have we been selling them military technology recently?

"[Pancir] In the last two years, we sold hardly any military technology to Iraq. There were only deliveries of spare parts for previously supplied military technology and deliveries of spare part for military production.

"[Reporter] The federal government today joined the UN decision. I would like to ask in what way you, as the office directing foreign trade, intend to implement this decision?

"[Pancir] We will of course keep the government informed on the extent of the planned deliveries to Iraq this year and about imports from Iraq, and certain ideas will emerge from this about the possible damage caused to enterprises by the implementation of the economic embargo. A number of deliveries can be redirected, some of the deliveries are for investment projects which have a longer delivery time, and in these cases we will have to deal with the question of credit. We will have to discuss all this with our enterprises, and of course with the Ministry of Finance.

"[Reporter] As far as I know there are about 350, some agencies say 380, Czechoslovaks working in Iraq. What is their fate to be? Will they be returning home, and what about our citizens who remained in Kuwait?

"[(Fisher)] In this connection I would like to say that of course when this conflict arose, that is in the early hours of 2 August, Czechoslovak organs, the Czechoslovak Government and the Czechoslovak Ministry of Foreign Affairs, very carefully monitored developments in this area, and, of course, using our diplomatic offices in both countries, we also have been very carefully monitoring security conditions and the situation of our expatriate citizens.

"[Reporter] Today the AFP agency reported that we have asked some states for help in evacuating our citizens, among them the Soviets, and I mention this largely because we know that the Soviet Union is preparing the evacuation of their own citizens by sea. Can you give any details?

"[(Fisher)] Czechoslovakia of course has certain possibilities and has certain measures ready, some of which have already been adopted. Naturally it is not able to realize all these measures alone, so it is a matter of consultation, not only where the evaluation of the situation is concerned, but also concerning the realization of possible measures. This is quite natural. There is a large number of these countries, and the consultation is taking place both here in Czechoslovakia and in Kuwait and Iraqi themselves."

Mr. (Fisher) is then asked to give his view on how long Iraq can hold out if such an emabargo is enforced by all UN countries. He replies that this is very difficult to estimate. The reporter then asks: "Until our citizens working in Iraq are evacuated, will they continue their installation work or does this activity also fall under the embargo?" (Fisher) replies: "This activity should also fall under the embargo. They, however, do not have the opportunity to work for very long because the deliveries are timed, so that supplies do not lie around there. Naturally, since we have stopped deliveries, there is no option but to deal with the question of technicians and assembly workers, who should have been participating in these installations."

USSR Asked to Help in Kuwait Evacuation

LD0808211690 Bratislava Domestic Service in Slovak 1930 GMT 8 Aug 90

[Text] AFP reported from Prague today that Czechoslovakia has asked the USSR to help with the evacuation of its citizens from Kuwait. Their number is estimated at about 120. In addition, approximately 350 Czechoslovak citizens are working in Iraq.

Our Ministry of Foreign Affairs has stated in this regard that it has asked a number of countries, including the USSR, for cooperation in evacuating the families of Czechoslovak diplomats, technicians, and scientists from Kuwait.

Further on Request

LD0908084290 Bratislava Domestic Service in Slovak 0500 GMT 9 Aug 90

[Text] Prague is asking for help in evacuating Czechoslovak citizens from Kuwait. Our republic has approached several states and the Soviet Union. It is necessary to get 120 of our fellow citizens back home as soon as possible.

The Ministry of Foreign Affairs says that it is consistently implementing the sanctions adopted by the United Nations. It is trying to transport home from Kuwait families of diplomats, technicians, and scientists.

There are 350 Czechoslovaks in Iraq waiting to be evacuated. The Soviet Union is ready for the evacuation and has chosen a sea route for this. It will provide protection not only for our citizens but also for Hungarian citizens. Our neighbors' Foreign Ministry is, however, worried by a serious fact—it is making inquiries about the fate of five Hungarian citizens in Kuwait. The destroyer (?Uduloy) and two antisubmarine ships are engaged in the rescue operation.

Civic Forum Protests Iraqi Actions in Kuwait

LD0808151290 Prague Domestic Service in Czech 1400 GMT 8 Aug 90

[Text] The Civic Forum Coordination Center in Prague has joined the protests against the occupation of Kuwait. In its statement, it demands the immediate and unconditional withdrawal of Iraqi forces and a renewal of the legal statute before the attack on Kuwait.

The Civic Forum expresses its support for the statement of the National Union of Iraqi Students, which denounces the aggression against Kuwait and which supports protest actions by the Iraqi Students Union in Czechoslovakia.

Slovak Paper Supports U.S. Gulf Deployment

LD0908090690 Prague CTK in English 0804 GMT 9 Aug 90

[Text] Bratislava Aug 9 (CTK)—The Slovak independent daily NARODNA OBRODA wrote today that the decision of the United States and Britain to send troops to the Gulf was correct as the Iraqi invasion of Kuwait and Iraqi President Saddam Husayn's aggressive and provocative behaviour following it made it clear to the world with whom it is dealing.

The paper said that this was a forced but obviously an inevitable step and that the world should support the U.S. decision as the Iraqi president can hardly be trusted.

The explosive situation in the Gulf is a menace which the world has not experienced since the Caribbean crisis in the 1960's, the daily wrote, adding that obviously it is better for the world that the superpowers do not oppose one another in this case, as compared with the Caribbean crisis. On the contrary, they are on one side although Moscow is more restrained in its move than Washington. But despite this the fear of a possible escalation of the Gulf crisis is not eliminated, "mainly due to the fact that Saddam Husayn's steps may be incalculable or even irrational", NARODNA OBRODA wrote.

Import Ban on GDR Goods Announced

LD0808154890 East Berlin ADN International Service in German 1449 GMT 8 Aug 90

[Excerpt] Prague (ADN)—The import ban on GDR goods announced by the CSFR will probably take effect at the end of next week at the earliest. Jindrich Lacko, CSFR Foreign Trade Ministry press spokesman, said today when asked by ADN that the decision on halting imports must be jointly made by the government and state bank. However, the next cabinet session will not take place until next Thursday [16 August], when the government will decide which types of goods are to be subject to the import ban. [passage omitted]

GDR Defense Minister Eppelmann Arrives 9 Aug

LD0908084190 Prague Domestic Service in Czech 0800 GMT 9 Aug 90

[Text] Rainer Eppelmann, GDR minister of disarmament and defense, arrived in Prague this morning. He was welcomed at Ruzyne Airport by Miroslav Vacek, Czechoslovak minister of defense, who invited Rainer Epplemann on this visit. Both ministers left for Lidice.

Eppelmann on Talks With Dienstbier

LD0908125290 East Berlin ADN International Service in German 1145 GMT 9 Aug 90

[Text] Prague (ADN)—Neither a future all-German Army nor membership of a united Germany in NATO represents a problem for the Czechoslovak side, Defense Minister Rainer Eppelmann told ADN in Prague today after a talk with Jiri Dienstbier, the Czechoslovak vice premier and foreign minister. During the talk, which was also attended by Defense Minister Miroslav Vacek, they discussed, among other things, current difficulties in reciprocal trade, one of the causes of which had been the cancellation of arms purchases from the CSFR by the GDR.

The pace of German unification was not touched upon in the exchange of views, Eppelmann said. He was assuming that it had not taken Minister Dienstbier's breath away. It was agreed that in a number of East European countries, former dissidents and civil rights activists are now bearing political responsibility and that this could be beneficial to a future united Germany.

After his meeting with Dienstbier, Eppelmann met with CSFR Defense Minister Vacek, who had welcomed him at the airport with a military ceremony. I wished to talk to my opposite number about the military aspects of German unification, Vacek said to CTK prior to the talks. This included issues related to previous cooperation in the development and production of weapons, and to the exchange of students at officers academies in the two countries. He hoped that the visit will determine the direction of future practical cooperation.

Eppelmann opened his official visit to the CSFR with a ceremony honoring the victims of the massacre of the inhabitants of Lidice by German Fascists in 1942. He planted a rose bush at the memorial of the Central Bohemian village near Prague.

Commentary on Trade 'Problems' With GDR

AU0808124290 Bratislava NARODNA OBRODA in Slovak 3 Aug 90 p 6

[Ivan Horsky commentary: "Problems in the Trade Between the CSFR and the GDR Intensify; A Finale Surrounded by Questions"]

[Text] The GDR as an independent state (and even that only politically) has at most only several months of existence left. The nominal, economic, and social union has caused, however, from its very inception—i.e., for the past five weeks—serious problems in terms of economic contacts and trade with fellow CEMA member countries, including the CSFR.

It is expected that by the end of the year, Czechoslovakia's unfavorable trade balance will reach almost 800 million convertible rubles. That equals more than two-thirds of the planned exports to the GDR for this year. It is caused by the East German enterprises, which unilaterally terminated, or are about to terminate, numerous contracts for imports from the CSFR. Therefore, one cannot be surprised that last week the GDR Government dealt with this complex and, at the same time, very sensitive problem.

The CSFR Government understandably is trying to protect domestic producers' interests, and therefore it proposed to Berlin that effective immediately, the trade between the two countries be conducted in convertible currency. Berlin rejected the proposal, claiming that this cannot be done in the very short time that remains. The GDR elects this option only beginning new year, when the conversion will take place for the entire CEMA.

So far, however, Berlin did not take a clear stand regarding the Czechoslovak unfavorable trade balance caused by the failure [by the GDR] to honor valid trade contracts. It is one of the consequences of "socialist internationalism" in economic relations, for in CEMA—or rather in its documents—practically no penalty clauses are included for failing to fulfill contractual obligations, and the [existing] fines are of only symbolic value.

Gerhard Pohl, GDR minister of the economy, is coming to Prague and, according to his press spokesman, he will forcefully assert his government's standpoint. Klaus-Peter Bigalke said verbatim: "The GDR is interested in the continuation of trade with the CSFR for our mutual benefit."

The Czechoslovak Government may understand the changes taking place in the GDR, but its duty is to protect domestic enterprises from the willfulness of its trade partner. Therefore, the ministers of the economy and of finance should put maximum pressure on the East German partner during their talks in order to minimize the resulting damages. During the past decades, we have given, at our own cost, far too many presents of this type. After all, there is a saying: Good accounts make good friends.

Vavrousek on Environment Committee, Energy Policy

AU0808134590 Prague ZEMEDELSKE NOVINY in Czech 4 Aug 90 p 3

[Interview with Josef Vavrousek, CSFR minister entrusted with directing the Federal Environment Committee, by Jan Bauer; place and date not given: "'I Would Close Down All Power Plants'"; first paragraph is ZEMEDELSKE NOVINY introduction]

[Text] Engineer Josef Vavrousek is one of the new ministers in the federal government. He has been entrusted with directing the Federal Environment Committee. This May, when he was still working in his former post as deputy chairman of the State Commission for Scientific-Technical and Investment Development, at a news conference at the Ekofilm exhibition in the Ostrava District he severely criticized the previous government for its lack of interest in ecological problems. Therefore, at the beginning of our interview we asked him whether—as he himself is a member of the federal government—he has now changed his point of view.

[Vavrousek] The Government of National Consensus dealt with a great number of inherited problems and, in view of the fact that there was no one in it who had immediate responsibility for the environment, ecological problems were pushed into the background. In the new government, I am the person who has to assert ecological interests to the maximum extent possible, but this has to be under certain conditions. If I were to act absolutely rigorously, then the simplest thing of all would be to insist that all power plants are closed down at once: thermal, fossil fuel, and nuclear power plants. However, this simply cannot be done. Therefore, we have to try and find a sensible course of action, something such as harmony between society and nature.

[Bauer] Although it has been active for a very short time, the Federal Environment Committee has already submitted a draft concept for a state ecological policy to the federal government for discussion....

[Vavrousek] This draft is not a product of recent weeks. It has been under preparation for a longer period; it should have been submitted to the previous government, but it did

not get around to discussing the issue for reasons of time. The state ecological policy is a very important matter because it creates fundamental philosophical starting points for future consideration. Specific aims and specific criteria for considering investment projects, the structure of the economy, economic instruments, and so on may be drawn from it. Another element is a set of specific strategies for proceeding further, step by step. One not exactly negligible matter has still not been resolved—the method of financing individual projects.

[Bauer] Do you anticipate receiving any foreign assistance for this?

[Vavrousek] Last week, an EC commission visited our country and we agreed on cooperation in nine projects. The EC will provide approximately $30 million from this year's budget to finance these projects, and it is expected that in future years a substantially higher sum will be involved. However, perhaps more important is the fact that all the projects are being very carefully checked in Western Europe, and we have an opportunity to learn how such projects are managed.

[Bauer] Among the proposed projects are plans for the desulfurization of thermal power plants. Why? After all, the only desulfurization unit—to date—in the Tusimice 2 power plant is positively useless. Will you choose different technology this time?

[Vavrousek] Probably the most stupid and most complicated technology was chosen for Tusimice and, moreover—as it has turned out—technology that it was impossible to implement under our conditions was chosen. Now we want to orient ourselves exclusively toward methods that have been tried and tested in the world and whose resulting product can be utilized in a sensible manner. At the same time, we will not desulfurize all power plants because many of them should simply be closed down. Roughly 40 percent of them will be desulfurized; these will be the most modern plants, where the production facilities will last for some time yet and where the production of electricity is connected with the production and consumption of heat.

[Bauer] What will happen to the nuclear power plants that have recently caused a great deal of fuss?

[Vavrousek] This is a very complicated matter. I do not have these plants' operation itself in mind, because this can be maintained within very safe limits if it is handled properly. The problem is the entire fuel cycle, beginning with the extraction of uranium and ending with the dumping of highly radioactive waste. There are very many negative effects here. Therefore, I consider the inclination toward a too passionate development of our nuclear energy policy—both for ecological and economic reasons—to be undesirable. Our only chance is a drastic reduction in energy consumption. There simply is no other way.

GERMAN UNIFICATION

Notice to Readers: *In order to provide information concerning German unification in one location for the benefit of our readers, material on that topic from the FRG, GDR, and other media is now being published in the German Unification Attachment to the West Europe DAILY REPORT.*

One Thousand GDR Radio Staffers Laid Off

LD0808072190 East Berlin ADN International Service in German 0321 GMT 8 Aug 90

[Excerpt] Berlin (ADN)—More than 1000 broadcasters in GDR radio stations are to be laid off by the end of August. This is revealed by the BERLINER ZEITUNG on 9 August, citing information from the broadcasting center in Nalepastrasse. Director General Manfred Klein has in addition decreed part-time work for all journalists and technical staff from 1 September.

He told the newspaper that the reason for these measures is the financial crisis in GDR radio. They affect everyone "from the director general's office to the porter."

The government has delayed the inevitable increase in license fees. With a budget deficit of 14.5 million Deutsche marks, there was no other way out. Radio was not receiving support from any quarter, Manfred Klein complains. "The state bears the responsibility." [passage omitted]

Call for Broadcasting Licence Fee Increase

LD0908110190 East Berlin ADN International Service in German 1016 GMT 9 Aug 90

[Text] Berlin (ADN)—Without raising licence fees before the end of this year, GDR broadcasting will be bankrupt, Director General Manfred Klein said in Berlin today. The government has simply "ignored" this problem. At the same time he conceded that the rise would "of course be very difficult in social terms" at present.

The broadcasting staff are prepared "under any conditions" to keep programs running. Priority is to be given to the development of land radio stations, and the remaining funds would be used for this. In the first half-year, the broadcasting organizations had a deficit of DM14.6 million. Part-time work for 50 percent of the staff, announced on Tuesday, by which land radio stations were not affected, would save DM5.4 million. However, the forthcoming 1,000 dismissals are not connected with the deficit, as there were long periods of notice and high severance pay. In order to reduce the deficit, land is to be let and advertizing revenue increased. Radio Berlin International (RBI) has already been excluded from the financial plan. The station would be amalgamating with Deutsche Welle at the beginning of October. In addition, payments to the post office totalling DM4.5 million had been stopped, and it was being considered whether radio stations should be shut down and made available to private investors.

Klein referred to the programming activities of Deutschlandsender (DS-Kultur), Berliner Rundfunk, Radio Aktuell, and the young station DT 64. The headquarters in Nalepastrasse is very important for the programs and had to be kept open and not "flattened."

CDU Denies Diestel To Become Secretary General

AU0908103290 East Berlin BERLINER ZEITUNG in German 7 Aug 90 p 2

[ADN/BZ report: "CDU: Diestel Will Not Become Secretary General"]

[Text] East Berlin—Yesterday, Monday [6 August], the Christian Democratic Union of Germany [CDU] denied a prereleased report by BILD that Peter-Michael Diestel is to become the new secretary general of the GDR's CDU. This statement is completely unfounded and pure invention, it was said. According to BILD's information, Interior Minister Diestel, who had joined the CDU only last Friday [3 August], is to become CDU secretary general because Lothar De Maiziere, prime minister and party chairman, so desires.

PDS Executive Committee Special Session To Meet

AU0908132890 East Berlin NEUES DEUTSCHLAND in German 7 Aug 90 p 1

[ND report: "Extraordinary Session of PDS Executive Committee"]

[Text] East Berlin—On Monday [6 August], the Presidium of the Executive Committee of the Party of Democratic Socialism [PDS] discussed the consequences of the process of unification, which has again been accelerated by the government parties in Bonn and Berlin. Both the proposals for election dates, as well as the undemocratic election proceedings, are aimed at ruling out a left alternative in the future German parliament from the very start. In view of the changed situation, it was decided at the presidium session to schedule an extraordinary session of the PDS Executive Committee for next Thursday [9 August] at 1800 in the house at the Koellnische Park. The members of the Council of Elders, the Central Arbitration Commission, and of the People's Chamber group, the chairmen of the land associations and of the kreis executive committees, as well as two representatives each of the central coordination councils of the work groups and of the interests groups in the PDS have been invited to this session.

Grass-Roots Group, Greens for Alliance

AU0808114990 East Berlin NEUE ZEIT in German 6 Aug 90 p 2

[NZ/ADN report: "Alliance of Greens and Citizens Movements"]

[Text] East Berlin—In Berlin on Saturday [4 August], representatives of grass-roots groups and Greens came out

in favor of an alliance of the citizens movements and the Greens both in the East and the West for the all-German elections. Only with such an alliance would it be possible to get over the five-percent barrier. This was the concurrent view of representatives of New Forum, the Peace and Human Rights Initiative, Democracy Now, the Independent Women's League, and the Greens in both the East and the West. In the view of the representatives of the grassroots groups, the GDR Alliance should establish a joint list with the Greens (West) under the name "Alliance 90/The Greens." They plan to organize a nationwide meeting for 18 August, which is to decide on the "Alliance 90/The Greens" election alliance.

Economics Ministry Suspends Iraq, Kuwait Trade

LD0808171290 Hamburg DPA in German 1610 GMT 8 Aug 90

[Text] Berlin (DPA)—The GDR has suspended trade with Iraq and Kuwait with immediate effect. This was announced by the Economic Ministry in East Berlin today. The only exceptions are supplies of medical goods and foodstuffs. In agreement with the resolution of the UN Security Council, all trade relations via third countries will also be stopped.

Bush's Disarmament Initiative Criticized

AU0808133090 East Berlin NEUES DEUTSCHLAND in German 6 Aug 90 p 2

[Uwe Kalbe commentary: "Waking Call"]

[Text] It took years before the USSR's unilateral gestures in the field of disarmament also caused such a gesture from Washington. So far, unilateral actions have been impossible and the United States labels depreciating the Soviet initiatives did not conceal its own inflexibility. Therefore, the reduction of the Armed Forces by half a million men announced by President Bush is undoubtedly a new step. But unfortunately it is not a step down from the peak of overkill capacities. Just like the simultaneously announced further qualitative development of the remaining forces, it is in line with the present trend. Bush clearly said what should compensate for the reductions: a modernized strategic nuclear armed force. The point is a new stage of deterrence, not overcoming it.

This was clearly demonstrated by the impetus that was given to the Senate's vote on the abolition of the controversial B-2 stealth bomber on the same day on which Bush made his announcement. Regarding exaggerated cuts in the Pentagon's budget, Iraq's aggression against Kuwait was like a "waking call" for the senators, one of their most prominent representatives said to describe the martial atmosphere.

As is known, the armament industry also has been far from dozing so far. However, the fact that the supposed major disarmament step does not prove to be worth much is far more disquieting. Will the old threat of retaliation, the arrogation of milita., rights to defend one's own "vital" interests in crisis areas, now directly emanate from the cockpit of a strategic bomber?

QUICK: Stasi Spy Still in FRG Chancellory

LD0808104190 East Berlin ADN International Service in German 1005 GMT 8 Aug 90

[Text] Munich (ADN)—According to information available to the Munich magazine QUICK, there is probably a spy from the former GDR State Security service [Stasi] in the FRG Chancellory who is now probably working for the Soviet secret service. A report published in the magazine on 8 August cites indications of this known to its editors. Thus, for example, internal remarks by the former chancellory minister and present Interior Minister Wolfgang Schaeuble of 12 April 1989, together with other "authentic statements by leading members of the FRG Government," were immediately passed on to the Stasi headquarters. When in 1988 Schaeuble wanted to send Honecker a list of humanitarian cases of GDR citizens, the names had already been sent to Berlin by the Stasi agent.

Bonn also has to reckon with the fact that a Stasi informer might be working in the Defense Ministry, QUICK goes on. The "source" of GDR state security also had excellent connections with the Ministry of Intra-German Relations, and had sent numerous files to East Berlin on the private life of Chancellory State Secretary Schreckenberger who is responsible for the secret services.

(The report was supplied to ADN in advance.)

Soviet Forces To Reduce Training Flights

AU0908103590 East Berlin NEUES DEUTSCHLAND in German 7 Aug 90 p 1

[ADN/ND report: "Fewer Training Flights in the Future"]

[Text] East Berlin—According to Egon Bahr (Social Democratic Party of Germany), the Soviet Armed Forces in the GDR will reduce their training flights in the future, in particular those at night. The adviser to the GDR disarmament and defense minister told the Berliner Rundfunk radio station on Monday [6 August] that the noise level will be perceptively reduced in the near future.

Furthermore, Bahr expressed his opinion that the Soviet Armed Forces in the GDR should have no more rights and duties than foreign troops in the FRG. At the moment, a conflict potential is accumulating as a result of the presence of the soldiers, which has to be defused quickly. It is not desired to strain the good relations with the USSR because of these problems.

Decree Passed on Soviet Troops' Supplies

LD0808162490 East Berlin ADN International Service in German 1506 GMT 8 Aug 90

[Text] Berlin (ADN)—The Council of Ministers today passed a decree on supplies for the Western Group of the Soviet Armed Forces. The Economics Ministry has announced that it is laying down new intergovernmental regulations for obligations on supplies arising out of the 1957 agreement on the deployment of the Armed Forces. The Economics Ministry has been given the relevant tasks involved in coordinating cooperation with the offices of the commander in chief of the Western Group and the other relevant authorities, as well as with GDR enterprises. A particular task is to organize conditions for the orderly administration of the social market economy to ensure efficient supplies.

Changes to Foreign Economy Decree Adopted

LD0808165890 East Berlin ADN International Service in German 1558 GMT 8 Aug 90

[Text] Berlin (ADN)—The GDR Council of Ministers adopted changes to the decree on the foreign economy today. The changes govern licensing regulations for trade, especially in the framework of intergovernmental offset agreements. For example, goods paid for in transferable rubles will be exempt from obligations to obtain a permit. However, additional restrictions will apply to exports on the basis of an offset currency. Further regulations apply to protecting the EC internal market from an uncontrolled import of goods from third countries.

The "First Decree on Changing the Decree on the External Economy" is to guarantee the continuation of existing foreign trade relations, especially with CEMA states, under conditions of the market economy and the de facto status of membership in the EC customs union.

Compulsory Visas for Malta Abolished

AU0908091290 East Berlin DER MORGEN in German 7 Aug 90 p 2

[ADN report: "Abolition of Visas for Malta Agreed"]

[Text] East Berlin—Compulsory visas between the GDR and Malta have been abolished with immediate effect for stays up to three months. As the GDR Foreign Ministry announced on Monday [6 August], this regulation applies to holders of ordinary passports, passports for business trips, and diplomats' passports.

Arrangements Made for Evacuation from Kuwait

LD0808164590 Budapest Domestic Service in Hungarian 1600 GMT 8 Aug 90

[Text] We have just, this minute, received the news that the Hungarian Ministry of Foreign Affairs has made preparations for the evacuation of the some 200 Hungarians staying in Kuwait.

The ministry asked the Iraqi Government to immediately make possible the safe departure of the Hungarians through Iraqi territory. According to MTI information, the Hungarians staying in Kuwait will be transferred to Iraqi territory by car; from there, they will travel home by plane.

The Ministry of Foreign Affairs still has no information on the five missing Hungarian citizens; presumably they have fallen into Iraqi military captivity.

Government, Media React to Near East Crisis

Editorial on Iraq, Kuwait Situations

AU0808151590 Budapest MAGYAR HIRLAP in Hungarian 7 Aug 90 p 5

[Zoltan Ivanyi editorial: "Is It Surprising?"]

[Text] Powerful statesmen—statesmen who had a decisive word in the Middle East not so long ago—are meeting in a state of disbelief and clear concern to try to find a way to halt the Iraqi leadership's ambush of Kuwait. Can we believe that these statesmen forgot about the hotbeds in the Middle East, the well-armed and powerful dictators, the marauding armies, the terrorists, and the arms trade, while they were busy with the new balance of power that accompanied the peaceful political changes in Europe, which are valid for the coming decades? Or did they think that accepting the unresolved situation in the Middle East is the price for their own well-being and peace?

It is well known that new arms must be tested, and that the tested arms should be used. Armed troops must be exercised; otherwise, the soldiers might become lazy, or worse, they might turn against their own leaders. By attacking Kuwait two years after the Iraq-Iran cease-fire, Iraq not only wanted to ease its latent domestic political tension, but it also took a serious step toward realizing its old dream of a Big Iraq.

Until now, countries engaged in arms trade and countries tolerating arms trade thought the use of these arms stopped at the border of their sphere of interests; however, this is no longer the case. None of the former mechanisms of deterrence is available today to restrain regional petty monarchs, dictators, and aggressors. The UN voting machine has been out of order for a long time; besides, its decisions are disregarded in the Middle East. Gunboat diplomacy is something of the past. All that remains are the economic sanctions, which are easy to decide, but much more difficult to enforce. The implementation of such economic sanctions affects not only the country in question; such sanctions could also affect national and international capital and tens of thousands of jobs. We must admit that, apart from Europe, the big powers' regional influence has diminished considerably. This influence is indirect and very slow.

The Soviet Union stopped supplying arms to Iraq only now that Iraq has attacked Kuwait—two years after the Iraq-Iran cease-fire. This should serve as a warning to everyone: We must not replenish the arsenals of aggressors who provoke wars. This should also be a warning primarily for a Europe currently engaged in disarmament talks. The officials engaged in these talks should see to it that the weapons which become available after the disarmament do not make it into uncontrolled hands.

U.S. President Bush is also in a difficult position. Saudi Arabia, an ally and one of the biggest markets of U.S. arms and military technology, is also in danger; through this, the prestige of the United States is at stake. Despite the possession of the most modern and most expensive combat airplanes, missiles, and other weapons, the small Saudi Arabian Army would not be able to put up resistance to a larger Iraqi Army equipped with conventional arms. Will Iraq stop at the Saudi border? If it stops there, will the world accept the occupation of Kuwait? Will the power of religious tradition defend the Saudi king—the guardian of the sacred Islamic Kaaba? And will President Bush be able to save the lives of U.S. citizens in Iraq, and the lives of Saudi Arabians if necessary? And at what price?

Kuwait has been a pillar of the Nonaligned Movement. It helped facilitate goals of this movement with determined and skillful diplomacy and with large sums of money. The movement can now mourn Kuwait—this small country building a particular form of democracy with numerous starts and failures, a country whose recently elected parliament resembling a sailboat was deliberately destroyed by Iraqi tanks.

The occupation of Kuwait proves that the oil weapon is effective only as long as those who are interested believe in it. OPEC could take the most effective nonmilitary step against Iraq, but it does not act. They probably no longer believe in the omnipotence of the oil weapons either.

If OPEC does not help them with economic sanctions, and if the Arab League does not issue a forceful decision condemning Iraq, the small countries of the Gulf Cooperation Council, the United Arab Emirates, Bahrain, and Oman can only sit and watch the Iraqi leadership order its tanks into action, a leadership which aspires to be the absolute ruler in the area.

To avoid providing some ideas, I will refrain from describing the danger of a joint Iraqi-Syrian armed hegemony in this area. We should not forget that Iraq has nuclear [as published] and chemical weapons. It is not too late. Iraq is not yet absolutely certain that Iran, and other countries directly affected by the conflict, will do

nothing and tolerate the strengthening of Iraq by means of its occupation. Therefore, they should cooperate and prevent the conquest of Kuwait by Iraq. We can only welcome the decision of the developed Western countries and of Asian countries to use economic sanctions to avoid the subjugation of Kuwait. It is worth noticing that the Far Eastern countries, including Japan and China, also recognized that Iraq's aggressive step affects regions beyond the Middle East.

We Hungarians know well what it means to have foreign tanks rumble and shoot on one's streets; we have experienced this. For us, and for many countries in the world, there is no justification for claims made by the heads of foreign troops according to which they provide friendly assistance. Any country that condemns in principle the Brezhnev Doctrine, which can no longer be used in Europe, cannot tolerate the use of this doctrine in any country in the world. We Hungarians should react with particular sensitivity to injustice committed against small countries. I lack this sensitivity and the readiness to learn and find ways of helping the small countries in trouble as put forth in the recent statement of our Foreign Ministry. Of course, the statement contains our astonishment and our demand to withdraw the Iraqi troops, as well as references to the UN Security Council. It seems as if this is a stereotyped text that can be used anywhere and anytime; a text penetrated by a cold restraint, emerged from a computer fed with similar slogans from a bygone world. Why the rush if we had nothing decisive to say?

It it true that diplomats are mostly impassive, and they only get hurt or become indignant if ordered to do so. Perhaps our Arabists will remember that the occupation of Kuwait affects us very closely, and I do not refer here only to the unfavorable economic effects of the expected oil-shock. I refer here to the small nations, our citizens working in Kuwait, and to the fact that the security of Europe is organically connected with the security of other regions.!

MTI on Relations With Saudi Arabia

LD0908092690 Budapest MTI in English 0832 GMT 9 Aug 90

[Text] Budapest, August 9, 1990 (MTI-ECONEWS)—The Iraqi attack on Kuwait is hindering or even blocking Hungarian export deliveries to the two countries and also to neighbouring Saudi Arabia as most Hungarian trade with that country was channelled through Kuwait.

Hungarian exports to Saudi Arabia were worth $47 million in 1988 and $61 million in 1989.

In the first half of this year, Hungary exported $15 million dollars worth of goods to Saudi Arabia, considerably less than the $24 million in the same period last year. The drop was caused by a reduction in livestock and sheep deliveries, and an increase in Saudi imports from the Far East, which also provides stiff competition for Hungarian textile exports.

Hungary exports foodstuffs and consumer articles to Saudi Arabia, but is unable to export engineering and industrial products because Hungarian citizens have difficulty obtaining Saudi visas although Hungarian visas are readily granted to Saudi businessmen.

Negotiations are well underway on the establishment of diplomatic relations between the two countries, possibly before the year is out. This should stimulate Hungarian exports as Hungary could become involved in Saudi chemical, health service, and infrastructural development projects. Hungary also hopes sell buses to Saudi Arabia.

Daily on Government Stance

LD0908092390 Budapest MTI in English 0801 GMT 9 Aug 90

[Text] Budapest, August 9 (MTI)—"Will Hungary join the resolution of the United Nations Security Council, will it declare an embargo against Iraq, which invaded its neighbour? The government is expected to decide about this at its session today", writes an article in Thursday's NEPSZABADSAG.

"The ministers are not in an easy position. They should pass a political position in a matter that is extremely sensitive for Hungary from the economic aspect. The country must purchase oil from that region. However, Hungary has, essentially, met the recommendations of the Security Council, even without any measures", the daily continues.

Janos Menyhart, head of department at the Ministry of International Economic Relations, said he believes no purchases of heavy Iraqi oil were included in this year's plans, and Hungarian foreign traders acquired lighter raw materials from the free market. Hungary does not have a valid contract for weapons deliveries to Iraq for this year. Regarding the other, civilian sales, their delivery has become impossible due to the closing down of harbours. Hungarian firms are unable to deliver engineering industry products, bus structures and consumer goods to Iraq, and engineering industry and material-like goods, and textiles to Kuwait. And it is unnecessary to freeze deposits as neither of the two Arab countries has money in Hungarian banks.

The value of Hungarian delivery contracts with Iraq in 1990 is $8 million, with Kuwait $18-20 million. Kuwait is not indebted to Hungary, while Iraq had six million dollars in debts whose repayment deadline had expired by the end of July. This can rise to $16.1 million by the end of the year, but even this does not mean Hungarian bankers and dealers will never get back their money.

Jozsef Suranyi, director of the Mineralimpex firm responsible for oil trade, informed NEPSZABADSAG that the some 280,000 tons (or three million barrels) of oil purchase on July 24 from Libya and Algeria is already on its way, and will soon reach the Hungarian firms concerned through the Adria pipe-line. However, the

price per barrel depends on the stock exchange prices valid on the day the tanker reaches the harbour. The price of $18-19, set down in the contract, has gone up considerably as stock exchange quotation on August 8 was around $27 per barrel.

Defense Expert on Army Structure, Financing

LD0808124690 Budapest Domestic Service in Hungarian 0445 GMT 8 Aug 90

[Text] [Announcer] There is remarkably lively debate about the new defense doctrine, which is to be developed. The studio's guest is Colonel Gyorgy Szentesi, head of the Defense Ministry's Security Policy Main Department. Does Hungary want, or has it the capacity, to join the other military bloc—NATO—while the Warsaw Pact is still intact?

[Szentesi] I think there is no question of joining NATO. Hungary wants to be a member of a defense organization that is all-European, to which all the European states belong—first and foremost our neighbors—so that our security grows by virtue of this membership.

[Announcer] Irrespective of what kind of military grouping Hungary will join, there are various concepts as to how, really, its defense structure and military force should be built up. For example, one of the versions is the much-talked-about all-round defense.

[Szentesi] To be honest, I do not like this concept of all-round defense. It presupposes that we are threatened all around; yet, today, we find not even a trace of such an all-round defense. This concept alludes to the former Soviet military doctrine based on the principle of maximum security. I believe, rather, we have to create a balanced system of defense that does not pinpoint a single, real enemy. In other words, we have no real enemy image because we cannot presuppose that a neighboring, or more distant, country's aim would be to violate the Hungarian Republic's sovereignty or independence, or to gain territory from the Hungarian Republic.

[Announcer] Even such a balanced system must have some kind of structure. How will the Army be divided? Into Eastern and Western zones?

[Szentesi] A military doctrine has a political side. I think this is the first task. If this is in place, then we can consider how big this army should be, what it should be like, where it should be stationed, what armaments, what training, etc.

[Announcer] Do you not want to talk about specific details now? That is to say, how our army will be lined up?

[Szentesi] I think it would be premature. First, we have to formulate a principled outlook system that stands above party interests and coalition interests, and which, above all, I think, will have to declare that the Hungarian Republic will use its Army exclusively within its state boundaries and only for defense purposes. Not long ago they started to work out the details of this plan, partly in the background institutions of the Defense Ministry, partly in open debates with parties and social organizations, and with anyone who, in general, wanted to have a say. When this, as the political side of military doctrine, comes before parliament for adoption, then we will be able to think about the details of what kind of army is needed to satisfy this doctrine. This must be done in order to establish the credibility of this doctrine, and to ensure that it does not cause unnecessary anxiety among our neighbors and others.

[Announcer] You have not mentioned one small condition. I think that matters will also be determined by what kind of army the country will be able to afford.

[Szentesi] Naturally. This economy will always have to provide enough money for the elimination of real dangers. The Army is united; the Army is capable of functioning. To be honest, we would not need some of the armaments; for example, the Army's stock contains artillery missile weapons. These artillery missile weapons are also capable of carrying nuclear charges. Of course, the nuclear charges, in terms of the nuclear ban agreement, are not in our country; they are in the possession of the Soviet Union. Based on our present-day defense, security, and policy, this is simply superfluous.

[Announcer] What kind of weapon—or branch of weapons—is outmoded, or lacking, in the Army, according to the defense concepts you have outlined?

[Szentesi] If I had my way, we would introduce additional, and more modern, tank weapons—light antitank weapons—first and foremost, antitank rockets, and helicopters carrying this kind of antitank rocket. But this is just a dream for the time being, because there is extraordinarily little money for this.

[Announcer] And will the new doctrine create the money?

[Szentesi] The new doctrine will not necessarily create the money. However, we will definitely be able to establish what is needed. Also, with appropriate regrouping, by getting rid of certain weapons systems—in other words, by selling them—and with the minimum development, it will be possible to adequately develop the armament of this considerably smaller army—an army of about 70-75,000, according to estimations. It will be possible to keep it in running order, especially if we take into consideration that there is no real threat—direct military threat—which would justify an excessive rate of armed force development. By proposing this, we are not denying the need to modernize a proportion of the technical equipment or change it for a newer one. I sincerely hope that social development will also bring with it economic development, and that the development of the economy will make it possible to procure new weapons, whose price, in part, will be recouped from the reduction of running costs.

Intelligence Focus: Away From NATO, West

AU0808153990 Budapest MTI in English 0820 GMT 7 Aug 90

[Text] Budapest, 7 Aug (MTI) -'In accordance with the new requirements set for the state apparatus, major changes could take place over the next months in the Hungarian civilian intelligence service', writes an article in the Tuesday issue of the daily "NEPSZABADSAG".

Formerly, the intelligence service was under the authority of the Ministry of the Interior, while currently it belongs under the Information Office, supervised by Minister Without Portfolio Peter Boross, who also supervises the National Security Office which deals with counter-espionage and the fight against terrorism.

The changes expected in the intelligence service follow from the foreign policy principles of the so-called Antall doctrine. In his speech delivered in Brussels on July 17, the prime minister detailed a major shift in foreign policy emphasis that has been in progress for some time. The guiding thought of this is to join, and to come abreast of, Europe. Formerly, Hungarian intelligence concentrated its forces and means mainly on the NATO states and other Western countries. Until the most recent years it endeavoured to gain information from this direction, in accordance with the coalition doctrine of the Warsaw Treaty.

"NEPSZABADSAG" learned, from diplomatic sources, that several Western countries have voiced certain anxieties regarding the concrete forms of this activity, in connection with the change in system. At times, they objected even against persons enjoying diplomatic immunity.

'According to our information, the government's intention is to draw the organizational and personnel consequences from the above, and where necessary, by taking the position of the considerably renewed leaders of the Hungarian diplomatic representations into consideration as well. It wishes to do this in a consistent, rather than in a flustered manner. In the given international situation, and similarly to the neighbouring countries, Hungary continues to need activity of this kind, but this has to be carried out strictly according to the Hungarian national interests, and in a manner that will not endanger political and economic cooperation, and the restoration of an atmosphere of full confidence with our major foreign partners', notes the article in "NEPSZABADSAG".

Minister Affirms 'No Espionage Against Germany'

AU0808114290 East Berlin DER MORGEN in German 6 Aug 90 p 3

[Report on "exclusive" interview with Minister Without Portfolio Peter Boross, "responsible for controlling the National Security Office and the Intelligence Office," by correspondent Janos Szabo in Budapest; date not given: "Strictest Prohibition: No Espionage Against Germany"]

[Text] The new minister receives me in a large office opposite the Budapest Parliament late in the afternoon. There is no one in the office and we have two hours' time. No State Security official, not even a doorman, prevents one from going to the supreme controller of the Hungarian intelligence services. The 62-year-old man, who looks much younger and who moved from retirement to the chair of a political state secretary two months ago, derives the intelligence services' right to exist from the demand for independence. Hungary is getting rid of the factors that restrict its sovereignty, such as the stationing of foreign troops on its territory; and, by stressing one's own interests, one ensures the protection of the state against hostile efforts.

Of course, this does not mean a complete turning away from the past. Not only the "common enemy image of the socialist camp," but also espionage in certain areas is hopelessly obsolete. The main focus of the new philosophy of the intelligence services is defense; Dr. Boross believes that hostile intentions can be reduced above all by strengthening the democratic structures of the countries in Central and East Europe.

Nevertheless, certain intelligence gathering is necessary, but it is oriented only toward Hungarian needs; no KGB order can, and must not be, accepted anymore. Intelligence gathering is no longer aimed against a certain country, and the issues are no longer its military or technical secrets, because the standards of the army and of the economy are now up to the level of any country in question. The important thing now is protection against terrorism and drug problems. Our interlocutor stressed that espionage is no longer being conducted against Germany. There is a strict prohibition against investigating this country's secrets and it is categorically prohibited to disturb the work of its diplomatic mission in Budapest.

The new self-concept of the intelligence services makes it necessary to change the image of this obscurely dangerous organization. To do this, the number of intelligence agents was considerably reduced, and the minister does not rule out that the current number is still much too high in relation to Hungary's size and ambitions. Therefore, the reduction of personnel is not yet complete. An examination of the respective stations in the diplomatic missions in Germany is also under way; many employees must expect to be recalled in order to free the office from the unnecessary burden of the past. In this respect, the Hungarian Government does not make any loud statement, but there are contacts with the respective foreign intelligence services and there is the willingness to make guarantees. In this connection, foreign posts are being given up and tasks are being changed. This is to be accomplished within one year; then it can probably be ruled out that information is gathered through coercion. Instead, the residents at the respective Hungarian diplomatic missions, who are the local representatives of the Budapest intelligence service, will reveal their identity to their colleagues in the host country in order to establish forms of cooperation. Questions of interest will thus be asked directly and

competently and, in return, Hungary is willing, for its part, to give access to answers that are desired by the other side.

The minister stresses that there is already cooperation. This cooperation has been strongly expanded under the new government. Dr. Boross wants openness instead of intelligence service secrecy. He foresees open channels of information exchange between the services; contacts with the KGB, which have practically stopped, are also to be put on this basis. The minister pretends not to have heard the question of whether openness and intelligence service are compatible and, if so, whether this can then still be called espionage or whether it should rather be seen as traditional diplomatic acquisition of information. The answer to this question must be given over time.

Radio-Telephone Joint Venture To Be Incorporated

LD0808161990 Budapest MTI in English 1547 GMT 8 Aug 90

[Text] Budapest, August 8, 1990 (MTI-ECONEWS)—Contel Hungaria, a joint venture which will build up a radio telephone network in Hungary, is soon to be incorporated.

The firm is to be established with a capital of $3 million by the American firm Contel Cellular, and Hungaria Telecom, Ltd., of Hungary.

The exact distribution of the stakes has still to be determined.

The Hungarian firm was formed with a starting capital of 1 million forints ($15,000) by Coopinvest, a cooperatives, BRG, a radio technology factory, Technika Fto, a Centroinvest, Ltd., an industrial and commercial company.

Investments Contel Hungaria plan for the beginning of 1991 will cost $150 million, 40 million of which will be used to create an exchange in Budapest.

The exchange will have the capacity to accept between 50,000 and 150,000 subscribers.

Subscribers will be charged a one-off payment of 80,000 forints, a monthly fee of 300 forints, and a call charge of 7 forints per minute.

Subscribers will also have to pay all installment costs.

A number of potential subscribers have already made enquiries, and 67.6 million forints (about $1 million) have already been paid in.

This sum will be held in escrow and may not be used for investment purposes until the whole deal goes through.

The planned system has come under fire in the last few days, though.

Hungaria Telecom has been accused of not giving its enquirers the full facts: They omitted to mention, for instance, that, unlike under the ordinary telephone system, the person who receives the call must also pay for the conversation.

In addition, only after further investments have been made in two or three years' time can the system link up with the Western European network.

A number of people have since asked for their money back.

Iraq Reportedly 'Owes Poland a Fortune'

LD0808155390 Warsaw Domestic Service in Polish 1400 GMT 8 Aug 90

[Text] As you know from today's press, Iraq owes Poland a fortune. Iraq was to repay its indebtness with oil. This year we were to receive 1 million tonnes of oil. Here is the press spokesman for the Ministry of Foreign Economic Relations, Ryszard (?Stutak):

[Begin (Stutak) recording] Up to now about a fourth has been delivered—that is, 250,000 tonnes. There remains, according to the agreements, 750,000 tonnes. What losses will be incurred by Poland because of the war and the embargo on the trade with Iraq and Kuwait? Nobody can make a precise estimate. Our foreign trade enterprises are making calculations on this. Here, in my conviction, one can speak in practical terms about lost profits because of the halt, for a shorter or longer period, in trade with Iraq. I hope that this indebtness will be repaid. [end recording]

Economy Said Threatened by Blockade Against Iraq

LD0908113990 Warsaw PAP in English 1007 GMT 9 Aug 90

[Text] Warsaw, Aug. 9—The Polish Foreign Ministry undoubtedly seeks political ways of reducing losses threatening Polish economy as a result of the U.N.-declared blockade of Iraq but does not reveal directions of this search, GAZETA WYBORCZA writes.

It seems that one of the possibilities is to take advantage of Article No. 50 of the U.N. Charter. It envisages that if collective sanctions are adopted, one can apply exceptional solutions towards countries that are in a particularly difficult economic situation. A decision should be made by the U.N. Security Council and its taking would require time however.

At the same time, Poland can ask the richest advocates of the blockade of Iraq, particularly the U.S. and West Germany, to compensate for part of the losses, GAZETA WYBORCZA says.

Michnik: Walesa Will Solve Nothing as President

AU0908102690 Warsaw GAZETA WYBORCZA in Polish 6 Aug 90 p 3

[Adam Michnik editorial: "What About the President?"]

[Text] A year ago I stated that I would not vote for Jaruzelski. I opposed his candidacy. Today, however, the presidential elections are no longer a matter of personal taste. How they take place and what arguments are used in the campaign will have a decisive impact on the future of Polish democracy.

Wojciech Jaruzelski ought to depart immediately, Senator Jaroslaw Kaczynski has been stressing over the last few months. No concrete accusations are leveled at Jaruzelski. Nobody is accusing him of sabotaging the economic and political reforms, or of acting against the law or the government. He is accused of being an element of the old order. It is impossible to argue with this last point. The transition period from totalitarianism to democracy depends on the coexistence of the old and new orders. Spring 1991 elections, free parliamentary and presidential elections, were to have signaled the end of this transition period.

Many people today are confused and wonder what the current fuss is all about. One hears voices deploring this conflict and calls for reestablishing unity. One has to say, however, that the division in the "Solidarity" camp became a fact when the Center Accord, organized by the editor of TYGODNIK SOLIDARNOSC, came into being. The Citizens Movement "Democratic Action" [ROAD] appeared very late and with a certain degree of reluctance, because it did not originally want to accept this division.

The Center Accord's only proposal is that Lech Walesa should be immediately elected president by the present parliament. Why? According to Senator Kaczynski, a democratic election of a president elected in free and general elections is now seen to be contrary to society's interests. But it is claimed that electing Walesa would have miraculous healing effects—namely, social frustration would be removed and conflicts would disappear. But will Walesa as president lower prices and fill our wallets?

Lech Walesa seems to regard his presidential success as a foregone conclusion. He has repeatedly stated that he does not want to, but he will have to stand. I believe that Walesa does not want to, and I hope that he will not have to be president, at least not a president elected by the present parliament. He would be a president without any credible legitimacy obtainable through general elections. Demands for Jaruzelski to step down in this context would be not so much a step towards practical elections, but a mere step along Lech Walesa's personal road to power.

I wonder why Jaroslaw Kaczynski and other Center Accord politicians uncritically condone the ever more shocking statements made by Walesa. In his personal presidential race he has called for a president with an axe who would rule by decree; he sees democracy as a one-man show with his hands on the steering wheel. He has called deputies and senators fools, who are only capable of producing rubbish; and the fury of the people will sweep all this away.

This is accompanied by the insinuation that the former nomenklatura is being protected by the present order. Who are the Center Accord politicians thinking about? Who is earmarked for removal and who is to step into the empty shoes? Why have there been no concrete complaints? Do we really lack the means to remove the factory foreman, if he is a poor worker and is hated by the work crew? Are we going to change the government and the president just for this?

It is childish to suggest that we only have to remove the foreman and all social frustrations will disappear. The

frustration stems from the price rises and the specter of factories going bankrupt. I believe there is no other way for Poland's economy and the mere fact of Walesa in the presidency will not solve these problems. The whole thing raises more questions than answers.

Nevertheless, the presidential campaign has begun and everything indicates that next week will bring fundamental changes. What will the Sejm do? Deputies who belong to the Citizens Parliamentary Club are divided, and the unity of the club is a thing of the past. Some who support the Center Accord are writing pleading letters to Walesa and are demanding Jaruzelski's resignation. Others who support ROAD have proposed a Constitutional amendment that will provide for presidential general elections. For some, the most important thing is that Walesa becomes president. For others, it is more important that democratic rules for the presidential elections and the rule of law prevail.

Jaruzelski sees his role as assisting the calendar of democratic changes (adoption of a constitution, parliamentary and presidential elections). In this—apart from those who support the Center Accord and those who still believe in the present parliament's four-year term—I think he is supported by the majority of the old coalition deputies.

During the September debates final positions will crystallize. Nobody can foresee whether the ROAD constitutional amendment will be adopted. We should be glad that the Center Accord has decided to support this amendment. It appears doubtful that president Jaruzelski would step down if the amendment were defeated. If this happens, will the supporters of presidential change resort to other means? Will they risk destabilization in order to force their views through? Again, this raises even more questions.

Status of Polish Left, Right Wings Discussed

PM0808151790 Krakow GAZETA KRAKOWSKA in Polish 7-8 Jul 90 pp 1-2

[Interview with Konstanty Gebert, journalist associated with former "independent" opposition publications, current affairs commentator, and chief editor of PO PROSTU weekly, and Marek Gadzala, chief editor of POLITYKA POLSKA quarterly, one of the signatories of the Declaration of the Democratic Right Forum, by Leslaw Maleszka, GAZETA KRAKOWSKA deputy chief editor; place and date not given; both interviews are carried under joint title: "What Kind of Left? What Kind of Right?"]

[Text]

What Kind of Left?

[Maleszka] Is the division between the right- and left-wing orientation relevant in the new political situation in Poland today?

[Gebert] It is becoming increasingly relevant. Under conditions of dictatorship it was, of course, an abstract concept, because none of the programs put forward by the opposition stood a chance of practical implementation. Today, on the other hand, there is justification for such a division, although it will not be the only determinant of the Polish political scene.

[Maleszka] What, then, is the left-wing orientation?

[Gebert] First, it is an orientation that declares its support for fundamental democratic principles—that is, opposition to nationalism and clericalism. National or religious identification cannot be allowed to influence the sphere of political values.

Second, it is an orientation that stresses the high importance of the protective function of the state. However, these functions must follow from the state's practical possibilities, which, in turn, are directly proportional to the chances of a free market economy. In this interpretation, the ethos of the left-wing orientation dictates that we support the privatization program while at the same time rejecting the recipe proposed by classical liberalism. This is because a market economy is only a means with which to attain the end—that is, a social welfare state, and not an end in itself.

Third, the left-wing orientation carries a historic duty to carry out a squaring of accounts with the legacy of communism. It is not enough to point out that the center-left orientation follows from the tradition of anti-communist opposition. This is because communism developed from certain left-wing traditions, just as fascism developed from right-wing tendencies; therefore, it is incumbent on the democratic left-wing orientation to carry out a final squaring of accounts with that theory and practice.

[Maleszka] The left-wing group of which you are speaking has declared its support for the Mazowiecki government.

[Gebert] Indeed it has—for two reasons. First, because this government has adopted the Balcerowicz program of transition to a market economy. Second, because the government has been creating foundations for a reconstruction of democratic institutions in our country.

Support for the government on the part of the left-wing orientation is not, and cannot be, uncritical. Forced implementation of the Balcerowicz plan has been associated with increasing neglect of, and disregard for, the social function of the economy, which leads to increasing social tensions that are very dangerous for the future of this government. A heart-motivated leftist tendency would be inclined to support the list of popular demands, but the political instinct of the left-wing orientation demands that we maintain our support for the government, as the alternative option proposed by the Center Alliance constitutes a threat for the economy and for democracy.

[Maleszka] How should we construct the Polish political scene?

[Gebert] The basic, minimum condition is that we retain all the formal prerequisites of a democratic system. Thus, we need a three-component government system, practical freedom of action for political parties, and real independence for mass media.

This demands that we part ways with the myth of Solidarity. That movement's strength consisted in the unity of its political orientations, interests, and stances. This unity carried them through to victory, but today it hangs around our necks like a millstone. Democracy is the opposite of unity; it is a system based on a changeable compromise of forces within an overriding legal system. Fortunately, a split within Solidarity as a political movement is already a fait accompli. The main thing now is to make sure that none of the successors of this great movement insists on its exclusive right to the inheritance.

Democracy in Poland is conditional upon common consent being given to all those who trace their roots to Solidarity and thus share the right to its inheritance and the right to democratic rivalry in the modeling of our country's future.

What Kind of Right?

[Maleszka] Is the division between left-wing and right-wing orientation relevant in the new political situation in Poland today?

[Gadzala] I believe it is. These categories refer not only to directions in political thought but also to certain types of political sensitivity. But we must not abuse these terms by treating them as labels slapped on the competitors' whole camp. After all, it is enough to take a look at the formation described by the term "lay left" and note the deep transformations that have taken place in its philosophy. The Polish right-wing orientation underwent a similar evolution. But we have to contend with groups that bandy right-wing phrases about but whose mentality and style of actively pursuing politics are of a deeply left-wing nature—to mention, for instance, the Confederation for an Independent Poland [KPN].

[Maleszka] What, then, defines you as the right-wing orientation?

[Gadzala] First, a personalist view of the human person who is firmly rooted in his society or his nation, a view which follows logically from Christian values. Second, the demand for a free market economy, common to the majority of politicians in our country today. Third, a striving for a rule-of-law, democratic, but nonetheless strong state, and a firm belief in the need for the existence of strong authorities within society. Fourth, interpretation of politics in terms of responsibility; support for evolutionary transformations; and a distaste for all radicalism, either left- or right-wing. Also, respect for geopolitical considerations, which have certainly lost none of their significance in Poland's new situation today.

[Maleszka] The right-wing group which you represent is in favor of offering support to the Mazowiecki government.

[Gadzala] Yes. However, we want to support not the present cabinet as such, but a certain style of political practice. In general terms, the fact that the current transformations in Poland are taking place in an evolutionary manner is of capital significance here.

The government should first of all embark today on the kind of economic activity that would make the effects of its correct policy of balancing the budget more obviously intelligible to the public. The trick is not to increase wages but to interest the country's work force in the process of privatizing state assets.

The government must also take greater care over its image, since its moves are not always easily intelligible to the average citizen. At the same time it should firmly enforce the law and refuse to yield to demands, which various groups attempt to impose on it in an anarchic fashion—irrespective of whether such demands are justified or not.

[Maleszka] How should the Polish democratic scene be furnished and arranged?

[Gadzala] The style in which we do it is essential here. I am very apprehensive about manifestations of a radicalization and brutalization of political life in Poland today.

There is no reason whatsoever to develop a different structure of democratic institutions here than those already existing in West Europe. Political parties are certainly not an outdated concept, though there is the danger of having a large number of very weak groups. It would be best if a two-party system could evolve in a natural way—or perhaps, at most, a system based on some three or four strong parties. If the evolution of our political life goes in that direction, then parties will develop at the points of intersection of the citizens movement and different ideological milieus, each of which can put forward a responsible concept of Poland's future. However, this process must be actively assisted.

Court Refuses To Register Solidarity '80 Union

LD0908134790 Warsaw PAP in English 1237 GMT 9 Aug 90

[Text] Warsaw, Aug. 9—After more than two-and-half hour [as received] registration hearing the voivodship court in Warsaw again refused to register the "Solidarity '80" union. A former hearing held last June, also ended without registration.

When the verdict was announced, those gathered in the court-room shouted "Shame", "Away with Communists", "manipulation. [no end quotation marks as received]

After the hearing, a group of over a hundred people marched along Warsaw streets shouting similar slogans.

'Declaration' Criticizes Reform Pace, Nomenklatura

AU0808114590 Warsaw TYGODNIK SOLIDARNOSC in Polish 3 Aug 90 p 2

["Declaration" issued by unidentified citizens group in Krakow on 11 July]

[Text] We, the undersigned, who met on 11 July 1990 in Krakow, think that:

—the transition period between communism and democracy, between a centrally directed economy and a free-market one, and between social noninvolvement and an active society, is too long;

—the opportunity to get rid of restrictive limitations that were imposed on us a year ago by the "roundtable" contract—an opportunity that arose through the self-liquidation of the Polish United Workers Party [PZPR] and one of the two main contracting parties to the agreement—has been wasted;

—the result of this state of affairs is the continued action by the beneficiaries of the former PZPR who seek to obstruct the state's legislative initiatives, for example, in the draft bills amending the electoral law and the project to replace administrative cadres;

—today, this openly immoral and inefficient condition of the country and the areas that are still being protected are the root cause of social frustrations. Should this state of affairs continue social revolt or collapse may result.

—the new political elites that maintain the present status quo and control most of the mass media are beginning to lose touch with society.

We do not want the stabilization of the Polish Republic with a Sejm that is 65 percent nominated and a communist president who is responsible for the last 10 years of rule in Poland and who has been elected by this Sejm.

The situation in Poland demands a general political clearing-out, and not mere moralizing words. Conditions for this are the following: A new parliament, new constitution, new president, and a new government. This must take place this autumn, but must not be regarded as a vote of no-confidence for all the members of the present government.

Our candidate in the presidential elections will be Lech Walesa, a politician who in the last 10 years directed the fight with totalitarianism and continues to be the driving force behind further changes and a supporter of harnessing social dynamism that will break through the present barriers of apathy and lethargy. However, we want the whole nation to elect the president.

Questions such as the following have to be answered, for example: Total or partial privatization? Full liberalism or a social policy of the government? A West or East orientation? A Europe without borders or nationalism? Let the politicians elaborate the programs that we can then chose. This is pluralism. Above all we shall chose people whom we can trust and who can be trusted to vote for a credible constitution.

We believe that no voice which openly wants to express its position on various problems ought to be automatically branded as an attempt at destabilization, or as motivated by personal ambition. The presentation of opinions in public matters is an exercise of the citizen's basic right in a democratic country. In this way, it is possible to group citizens around mutual ideals and aims and form political parties and movements. This process is the best way for the democratic system to function.

This declaration has been signed by several hundred people, among whom are the following:

—Professor Leszek Bednarczuk, Jerzy Beres, Waldemar Bochenski, Witold Bardzinski, Professor Stanislaw Borkacki, Kazimierz Bujak, Professor Zbigniew Chlap, Leslaw Chorazy, Teresa Chylinska, Liliana Czajkowska, Maciej Dabrowski, Professor Urszula Dabska-Prokop, Artur Dmochowski, Andrzej Dudzik, Rafal Dudzik, Professor Boguslaw Dunaj, Professor Andrzej Eskreys, Maria Franczek, Jan Franczek, Jan Frog, Kazimierz Fugiel (chairman of the Society of Assistance), Krystyna German, Marian Gologorski, Maria Grodzicka, Jozef Holowka, Halina Jakubowska, Andrzej Jakubowski, Attila Jamrozik, Andrzej Janczyszyn, Wieslaw Kaczmarczyk, Malgorzata Karcz, Professor Stanislaw Karolak, Stanislaw Kosch, Maciej Kowalczyk, Hanna Kowalska, Professor Zygmunt Kolenda (chairman of the Krakow Citizens' Committee), Monika Krzyzanowska, Ryszard Lebiest, Adam Lech, Lidia Liburska, Janusz Makuch, Grazyna Markowska, Stanislaw Markowski, Jozef Misiek, Slawomir Mokrzycki, Elzbieta Morawiec (Krakow councillor), Barbara Niemiec (member of "Solidarity" National Committee), Krzysztof Nowak, Halina Paluch, Jan Paluch (Krakow councillor), Wieslaw Peno (chairman of Citizens' Committee Krakow), Wola Duchacka, Lukasz Plenar, Jan Prokop, Grzegorz Przebinda, Anna Razny, Eugeniusz Roperowicz (chairman of Krakow-Krowodrza Citizens' Committee), Marek Rostworowski (Krakow councillor), Professor Maria Rzepinska, Father Jozef Sikorski SJ, Jacek Smagowicz (member of "Solidarity" National Committee), Janusz Starczewski, Ryszard Stelmachowski, Professor Jan Steczkowski, Professor Lucjan Suchanek, Jerzy Szmid (Krakow councillor), Ryszard Terlecki, Profesor Romuald Turasiewicz, Henryk Tyszka, Adam Wierzbicki, Jan Wilk, Romuald Wit, Michal Wojtowicz, Wieslaw Wolny, Irena Wrobel, and Wladyslaw Zawislak (chairman of the Malopolska Agricultural Foundation).

Center Accord Political Calendar Reported

AU0808103990 Warsaw GAZETA WYBORCZA in Polish 6 Aug 90 p 1

["KL"-signed report: "Center Calendar"]

[Text] Wojciech Jaruzelski should depart in the next few weeks, said Jaroslaw Kaczynski, when he presented the Center Accord's political timetable on Saturday 4 August, to journalists. Some 125 deputies and senators have signed the letter calling for the Jaruzelski's resignation. The Center Accord regrets that the Citizens Movement "Democratic Action" [ROAD], did not sign the letter.

At the same time it would be possible to amend the Constitution at a Sejm special sitting (one sitting), and adopt provisions enabling the election of a president through general elections. The Center Accord will support the suggestion made by ROAD deputies, because it respects the voice of public opinion, although it believes that a Mazowiecki-Walesa general election confrontation today would not be in the public's interest. If the attempt to amend the Constitution fails, the present Sejm will have to elect a president. Either way, this would be a temporary measure, because the Center Accord does not support ROAD's proposal of a five year presidential term for a president elected in the fall.

The next move, according to Kaczynski, ought to be a change of government, but one which adopted "many elements of continuation" of the present government's policies, especially on the economic front. Tadeusz Mazowiecki ought to stay on as prime minister, because his joint cooperation with Walesa as president would be beneficial for the country. If this proved impossible there would have to be a change of prime minister.

The acceleration that would then take place would mean a departure from the "roundtable," as this is seen as protecting the interests of the former nomenklatura. The contract was not wrong in itself. At the time it was agreed, it could not have been otherwise, said Kaczynski. But times had changed and the interests of the nomenklatura, now more economic than political, were still being protected.

The ordinary people could see that these people were living just as well now, if not better, than a year ago. In their workplaces the people see the same foreman and section leader, and we must remember that during martial law even these low positions were political appointments. This gave the impression that nothing had changed. The Center Accord does not call for a pogrom on the nomenklatura, but the elimination of the causes of social dissatisfaction that could erupt in upheavals, stated Kaczynski. That is why demonopolization and privatization has to be accelerated.

After these changes, and after the present parliament adopts a new electoral law and budget for 1991, parliamentary elections could take place. The Center Accord suggests we adopt the FRG model—namely, half of the seats are elected in one-mandate regions and the rest centrally—so that the composition of the chambers reflects the proportional voting.

The new parliament must adopt a new constitution that will reflect the French presidential-parliamentary system where the president acts as arbitrator, but without having the power to call a government that does not have a majority in parliament.

The final item on the Center Accord political timetable, would be the election of a president in the spring of 1991. The constitution could provide that the temporary president elected in the fall could carry on, provided that the fall presidential election was general.

Kaczynski criticized Western media for their campaign against the Center Accord—a campaign that was orchestrated from Warsaw—and the theories that the sole way out for Poland and the sole democratic force in Poland was ROAD, and that Poland was an undemocratic country. Kaczynski expressed the regret that the government was treating the Center Accord as an enemy, and he said that the Center Accord was the only large movement that had not been invited for talks by the prime minister.

Investigation of Sapinta Leaders Concluded

AU0808175690 Bucharest ROMPRES in English 1512 GMT 8 Aug 90

["Political Life: Sapinta in the Focus Again"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 8/8/1990—A dialogue is scheduled today at Sighetul Marmatiei between the administration of the Maramures County and representatives of Sapinta Village. The aims are to defuse the tension, to remove road blocks and consult the people before the new mayor of the village is named.

Members of the commission assigned by the Marmures County Prefecture to make an inquiry into the facts brought to the attention by Mayor Toader Stetca and by other villagers said abuses were made by both the former mayor and village councillors (in connection with the drinking water pipe works) and the former leadership of the producer cooperative farm. On August 3, technical experts who had to check up the drinking water pipe works were not allowed to, in the absence of Toader Stetca.

The commission assigned to check up the activity of PCF [Production Cooperative Farm] Sapinta established the abuses in selling off the goods of the former cooperative farm. All animals were sold at lower-than-fixed prices. Instead of 1,919,686 lei, the value of the 193 cows sold (not to villagers of Sapinta), 867,300 lei were got, 1,052,386 lei less than the sum due. Instead of being deposited with the agricultural bank, the money was deposited in the savings bank in the account of Gheorghe Stan, 517 Sapinta.

Some other abuses have also been established concerning the selling of 19,705 kgs of barley and oats, 147 tonnes of beet, 100 kgs of sunflower and 95 tonnes of hay.

Ioan Toban, chief prosecutor of Maramures County, announced the penal inquiry into the case of Toader Stetca from Sapinta was finished. The police of Maramures County has to issue the order of Toader Stetca's penal inquiry and to bring the case to the county Prosecutor Office.

Timisoara Trial Adjourned Until 18 Sep

AU0808193290 Bucharest ROMPRES in English 1714 GMT 8 Aug 90

[Text] Bucharest, ROMPRES, 8/8/1990—The Military Department of the Higher Court of Justice resumed in the western city of Timisoara the trial of a group of defendants on charges of genocide and other offences during the December 1989 revolution.

On 8 August the court rejected the defendants' requests to free them from jail and the trial was adjourned until 18 September when testimonies would be heard.

Trial of Former High-Ranking Communists Resumes

AU0808193190 Bucharest ROMPRES in English 1707 GMT 8 Aug 90

["Justice—Trial of High-Ranking Members of the Nomenklatura"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 8/8/1990—The Bucharest Military Tribunal resumed, Wednesday 8 August, the trial in investigative custody of defendants Stefan Andrei, Lina Ciobanu, Nicolae Constantin, Silviu Curticeanu, Gheorghe David, Constantin Dascalescu, Miu Dobrescu, Ludovic Fazekas, Suzanica Gadea, Mihai Gere, Nicolae Giosan, Ana Muresanu, Paul Niculescu-Mizil, Constantin Olteanu, Gheorghe Oprea, Gheorghe Pana, Dumitru Popescu, Constantin Radu, Ion Radu, Gheorghe Radulescu, Ion Stoian, Iosif Szasz, Ioan Toma, Ioan Totu, ex-full or non-voting members of the Executive Political Committee of the Central Committee of the Romanian Communist Party, on genocide charge under Article 357 letters A and B of the criminal code.

Defendants Constantin Dascalescu, Mihai Gere, Gheorghe Oprea and Dumitru Popescu are also accused to have disregarded legal dispositions concerning arms and ammunitions.

A roll call of the parties showed the absence in court of defendants Constantin Dascalescu and Gheorghe Radulescu which was motivated by medical reports issued by the Jilava Prison Hospital: the poor health of the two prevented them from appearing in court. Defendant Nicolae Giosan has died.

The court presided over by Justice Lieutenant Colonel Gheorghe Ciobotaru submitted, in accordance with the rules of procedure the requests for exceptions formulated by the prosecutor, counsels and defendants. In consideration of the absence in court of the named defendants, the prosecutor and part of the counsels for the defense asked for a postponement to comply with the rules of procedure. Forensic expertise was also sought for some of the defendants to discharge them from prison and try them at large; also an improvement of the detention conditions and the request that the whole file of the cause be put at their disposal in order to be studied.

The court dismissed the request for setting the defendants at large but ruled that the requested forensic reports be carried out.

It decided to allow defendant Ion Radu out of prison for 60 days so that he may take the medical course recommended by medical experts in their report on condition that he did not leave Bucharest.

A request to lift the impoundment on property that belonged to defendant Nicolae Giosan following his death was granted, also a request for custody of the property of defendant Gheorghe Radulescu by his son.

The trial was adjourned until 17 September.

Weekly on Implications of Oil Price Increase

AU0808153890 Bucharest LUMEA AZI in Romanian No 31/2 Aug 90 pp 8, 9

[Ilie Serbanescu article: "The Price of Oil and the Soviet Decision—Implications"]

[Excerpts] The world oil market may be in for a period of great disruption. The dispute between Iraq and the United Arab Emirates and Kuwait could result in breaks in the normal crude oil supplies and has already led to a trend toward price increases. [passage omitted]

Quite unexpectedly, the countries that seem to be most affected are the East European countries. The trend toward an increase in world prices comes exactly at a time when the Soviet Union has decided to substantially reduce (by some 7 million tonnes) the traditional oil deliveries to these countries and has announced that, as of 1 January 1991, it will make such deliveries only at world prices and in freely convertible currency—a consequence of CEMA's transition to doing financial transactions at world prices and in freely convertible currencies. [passage omitted]

One knows—not from Romanian, but from Soviet sources—that, during the five-year plan that concludes in 1990, Romania benefited from Soviet deliveries of raw materials which included, among other things, yearly crude oil deliveries of 5 million tonnes, which were paid for in foodstuffs, textiles, and products of the machine-building industry. [passage omitted] The only sure thing is that the Soviet oil will have to be paid in freely convertible currency, at least as of next year. From where will we obtain this currency? Few of the nonfood products previously exported to the Soviet Union will still be able to satisfy the most likely higher requirements of the customers, particularly if competitors appear. [passage omitted]

There is also the problem of oil imports from the Arab countries and Iran, imports which were quite massive at times. According to overall figures included in various yearly statistics, these imports amounted to 8-10 million tonnes annually. [passage omitted] The respective imports were actually made in order to ensure the functioning, at least partial, of the refining supercapacity, which was built indiscriminately in the country, with the absurd idea that refining as such amounts to oil "processing." As so-called "processed" products, the refined oil was then exported. Thus, one of the worst business transactions of the Romanian foreign trade was being conducted year in, year out. Quite often, the revenues from the export of the refined oil could not even cover the expense of importing the crude oil. [passage omitted]

The current situation resulting from the Soviet decision and the trend toward oil price increases requires—particularly in view of the possible consequences—the adoption of a basic option in the matter of "imports for exports." An extreme option would be the renunciation of this "nonbusiness," as it could be termed on the basis of experience to date. However, one should take into consideration the new conditions. All of East Europe will look for ways to have access to oil. Romania, thanks to the imports made so far, primarily from geographical areas other than the Soviet Union, has acquired a certain experience in this field. Maybe some foreign oil suppliers and investors might become interested in using part of Romania's less outdated refining capacities in order to enter the East European markets and fill the supply gaps. There are various forms of association and payment for such a far-reaching transaction, which can prove profitable for everybody concerned (investors, supplies, refiners, distributors, customers). The alternative to this—to use a metaphor for the consequences that may arise as a results of current oil trends—is a return to gasoline queues and cold homes. Even the economic reform itself may be affected.

Stoica on Improving 'Quality of Life'

AU0808184890 Bucharest ROMPRES in English 1521 GMT 8 Aug 90

["Social Life—The Quality of Life in the Vision of the New Government"—ROMPRES headline]

[Text] Bucharest, ROMPRES, 8/8/1990—In two separate interviews with newspapers ADEVARUL and ROMANIA LIBERA Ionel Aurel Stoica, minister secretary of state in charge of the quality of life and social security, outlines the view of the government and its priorities in this sphere of great public interest.

Noting that under dictatorship "the human economic growth binomial was all the time reversed and grossly misrepresented," the minister shows that "the new government tackles the quality of life problems in a country where even 'the middle class' lives in poverty." To support his statement Ionel Aurel Stoica supplies a few figures: In 1989 in Romania, per capita consumption averaged 50 kg meat and meat preparations, 71 kg potatoes, 24 kg sugar and candies, 57 kg corn flour and, 186 kw-hour household electricity. There are in Romania 47 passenger cars in one thousand inhabitants, and 197 TV sets, 283 radio receivers, and 180 refrigerators. In terms of quantity, says the minister, we are at the bottom of the list of European countries.

The new government's, criteria for analysis of the quality of life says the minister, will be comprehensive, and corroborate such indices as consumption, income and purchasing power of the national currency, and they will duly take into account inflation and unemployment, living conditions, medical services, the equality of opportunities for learning, and last but not least the quality of the human and political relations, the mental and moral well-being." From this point of view, the minister says, my mission is virtually to correlate the problems of several ministries health, education and science, culture, the environment, labor and social security, youth and sports.

On the government's priorities, the minister said : "It is essential that the whole body of labor and social security laws should be re-thought to align them with the transition to the market economy including the drafting of a new labor code, which is a vast undertaking that will take some time. However, there are other bills that are urgent the labor conflict bill, the trade union bill, the state benefits bill and the unemployment bill. We now have around 95,000 jobless, but there are hundreds of thousands more in disguise, in what is called a concealed form of unemployment. The unemployment bill on which we are working will define the status of the unemployed, how long can a person qualify for that status, the chances he is given by society to re-train (if he could not do it himself) and the extension of that status if appropriate to get unemployment benefits payable from state funds derived from taxes. Protectionist measures have already been taken against inflation, among which to freeze the prices of a number of consumer goods. Adding to that list which includes about one hundred items are electricity and heat, heating fuel including wood, the rent for homes in other words, almost all items that influence spending in the family budget. At the same time, the pay system will be set on a changed basis and pay differences will be due to new criteria, although there will be a minimal warranted pay across the economy. This problem does not cover the government-proposed moratorium on the pay.

For pensioners, normative acts are in the making albeit at an early stage. The main task will be that of indexing pensions in order to correlate them to the rate of inflation. These are bills that may be enacted before the end of the year.

ROK Foreign Minister Concludes Visit

AU0808174890 Bucharest ROMPPRES in English 1447 GMT 8 Aug 90

[Text] Bucharest, ROMPRES, 8/8/1990—Wednesday morning the foreign affairs minister of the Republic of Korea, Choe Ho-chung, and his wife, Mrs. Kim Wu-myong [name as received], ended their official visit to Romania.

At the Otopeni International Airport, the guests were seen off by the Romanian foreign minister, Adrian Nastase, and his wife, Mrs. Daniela Nastase, and by other Romanian officials.

The ambassador of the Republic of Korea to Bucharest, Yi Hyon-hong was present.

Before his departure, the chief South Korean diplomatist made a statement for ROMPRES:

"I had a successful three-day official visit to Romania and I am very honoured to be the first Korean foreign minister to pay an official visit to your country: we established our diplomatic relations in March this year and only last month we exchanged our ambassadors," he said. "I had the great honour to call on your president and I had very nice meetings with your ministers of foreign affairs, trade, tourism and finance, and we signed three very important agreements," he went on. "I think we have laid very good grounds for further promoting a very cooperative relationship between our countries and I will return home with a good impression of your country. We will encourage our private sectors to come to Romania and turn ventures to our mutual benefit and satisfaction" he also said. "I'm very grateful for the warm hospitality extended to me and to my party by the government and people of Romania," he added.

For his part, the Romanian foreign minister made a few points:

"The visit of the foreign minister of the Republic of Korea to Romania was a very good opportunity to mark politically the willingness to develop the bilateral relationship. Although diplomatic relations were established not long ago, Mr. Choe Ho- chung's visit showed that our two countries promoted a high tempo in their contacts. Unquestionably, the visit will be followed by meetings among businessmen because, clearly, this visit is a signal to them, it gives them security by providing the legal framework for a normal course of economic exchanges at private firms level. The three agreements that were signed—the trade agreement, the agreement on economic, scientific and technical cooperation, and the agreement on promoting investment—make up the political and legal framework that is required for a good course of relations at non-governmental level, at the level of economic agents. I think that this is the major meaning of the visit, and in my opinion this has been very clear and big South Korean companies have shown their interest in this line. Of course, in the modernization process of our economy, such a contribution from a country which, from a level somehow comparable with ours managed a formidable progress in a relatively short time, may be more than something positive in itself, it may set an example.

Iraq Allows 'All' Yugoslav Workers To Leave

LD0908122790 Belgrade TANJUG Domestic Service in Serbo-Croatian 1043 GMT 9 Aug 90

[Text] Baghdad, 9 Aug (TANJUG)—The Iraqi authorities today allowed all Yugoslav workers to leave Iraq if they wish. As there are no air connections with Iraq, Yugoslavs will leave Iraq overland through Jordan.

According to Yugoslav Airlines offices, about 500 Yugoslav workers and experts working in this Arab country have already made arrangements to leave Iraq, either for vacations or for a final return to Yugoslavia. Yugoslav companies are continuing to carry out construction work in Iraq. There is no danger to the lives or personal safety of our workers.

It has been learned that few Yugoslavs working in Kuwait left that country via Turkey today. According to workers who arrived in Baghdad form Kuwait last night, the situation there is quite complex. They claimed that the Yugoslav Embassy there shelters about 300 of our workers, and there is no panic among them. They also claimed that food supplies have been considerably hampered.

A number of our workers in Kuwait have no travel papers as their documents were held by the former Kuwaiti authorities. However, there is a chance that this problem will soon be resolved and that all Yugoslavs wishing to leave can return to the homeland.

Federal Chamber Condemns Iraqi 'Aggression'

LD0908135190 Belgrade TANJUG in English 1238 GMT 9 Aug 90

["Pool" item]

[Text] Belgrade, Aug 9 (TANJUG)—The Federal Chamber, one of the two chambers of Yugoslav Parliament, on Thursday condemned the Iraqi aggression on Kuwait as a brutal violation of the basic standards of international law.

The chamber demanded an urgent withdrawal of the Iraqi troops from Kuwait's territory and respect for the sovereign rights of the State of Kuwait and its legal organs.

It stressed the importance of the Nonaligned Movement's engagement and the irreplaceable role of the United Nations in preserving peace in the Middle East.

Croatian Paper Says Husayn 'Should Be Ousted'

LD0908091290 Belgrade TANJUG in English 0832 GMT 9 Aug 90

[Text] Zagreb, 9 Aug (TANJUG)—Iraqi President Saddam Husayn, "should be ousted, even if the U.S. arms be used [as received]," writes the Zagreb-based VECERNJI LIST on Thursday [9 August], commenting on the Iraqi occupation of Kuwait.

The paper, published in the capital of the Yugoslav Republic of Croatia, accused the Iraqi president of "crimes against his own people and neighbors." Husayn's "Arab Socialism" has turned into military dictatorship. In the war against Iran he "destroyed his land, and in the war against Kuwait, land of another." He waged both wars so as to extend Iraqi territory, wrest another's riches from them, gain personal glory and consolidate power," the paper notes. [quotation marks as received]

The paper goes on to say that Husayn must not be allowed to win this war. "If he manages to procure even the smallest benefit from the occupation of Kuwait," he would "again crown himself with glory as an invincible protector of the highermost Arab interests. He would consolidate his criminal power over another's back," VECERNJI LIST stressed.

Federal Chamber Approves Constitution Amendments

LD0808123190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1114 GMT 8 Aug 90

[Text] Belgrade, 8 Aug (TANJUG)—The Federal Chamber of the SFRY Assembly today approved the text of 24 draft amendments to the SFRY Constitution which allow ownership pluralism and a multiparty system and secure a higher level of protection of human freedoms and rights.

Among other things, the amendments guarantee equality of all forms of ownership, confirm that the citizens are protagonists of power and transfer the powers to regulate the composition and the jurisdiction of the assemblies of sociopolitical communities (with the exception of the federal one) to the republican constitutions. The freedom of political organization is guaranteed, but this freedom is restricted in case the activity of individual parties should be directed at a violent change of our constitutional order, threat to the territorial integrity of the SFRY and of the republics, and dissemination of national or religious hatred.

The federation will continue to be responsible only for the basic stipulations of the tax system, and the composition of the Federal Chamber has remained unchanged—it will be made up of 30 deputies from each republic and 20 deputies from each of the provinces.

For this approved text of changes to the SFRY Constitution to be adopted two thirds of the delegates have to vote for it. Since the issue was raised today whether the proposal is to be voted on as a whole or separately, it remains for the chamber to decide about that during its afternoon session.

Further on Adoption

LD0808163190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1550 GMT 8 Aug 90

[Text] Belgrade, 8 Aug (TANJUG)—The Federal Chamber of the SFRY Assembly this afternoon unanimously adopted proposed amendments to the SFRY

Constitution. The proposed amendments will be sumitted to the assemblies of republics and provinces for their consent. Deadline for this procedure is 20 September. If all the republican assemblies give their consent to the proposed amendments, they may be proclaimed effective by the end of September.

The most important provisions of the amendments are solutions in connection with ownership pluralism, the multiparty system, and guarantees for human rights and freedoms.

Social Capital Law Approved by Federal Chamber

LD0808174790 Belgrade TANJUG Domestic Service in Serbo-Croatian 1620 GMT 8 Aug 90

[Text] Belgrade, 8 Aug (TANJUG)—The Federal Chamber of the SFRY Assembly this evening adopted the law on social capital that regulates the conditions under which internal shares may be sold.

Company internal shares will be able to be sold at a reduction of 30 percent of their nominal value with an additional one percent discount for every year of service in the organization. The total discount may not exceed 70 percent of the nominal value of the shares.

The Chamber also adopted changes in the laws on enterprises and on trade. The delegates of this Assembly Chamber continue their work tomorrow with a debate on the Slovene declaration and the proposed law on the basis of public information.

Autonomy Referendum for Croatian Serbs Prepared

AU0908092490 Belgrade POLITIKA in Serbo-Croatian 4 Aug 90 p 6

[M. Cetnik report: "Printing of 800,000 Ballot Papers"]

[Text] Knin, 3 Aug—Organizational preparations are under way after the decision by the Serbian National Council to conduct a referendum on the autonomy of Serbs in Croatia. The main commission for conducting the referendum is preparing the necessary documentation and, besides this organ, communal electoral commissions and voting committees will be set up in local communities.

There are plans to print about 800,000 ballot papers. Milan Babic, president of the Serbian National Council, says that the referendum is in line both legally and constitutionally with the right of a local community, as a territorial unit, to organize the balloting of citizens.

Possible hindrances and obstructions are expected in places where Serbs are not in the majority and particularly in large towns. If the organs of the local communities in these areas do not act, the main electoral commission will appoint its own voting committees.

Lists of voters will also be drawn up, but those ethnic Serbian citizens whose names are not on the lists will be able to vote by using their identification cards.

Serbian Council in Croatia Holds First Session

AU0808112790 Belgrade BORBA in Serbo-Croatian 2 Aug 90 p 8

[S. Stamatovic report: "Referendum on Serbian Autonomy"]

[Excerpt] Knin—On the basis of the declaration of sovereignty and autonomy of the Serbian people in Croatia, adopted at the first Serbian gathering in Srb on 25 July, the first founding session of the Serbian National Council was held last night in Knin. Dr. Milan Babic, president of the Knin Communal Assembly, was elected president while the posts of the vice presidents of the first Serbian government in Croatia were entrusted to David Rastovic, president of the Donji Lapac communal Assembly, and Mila Dakic, president of the Yugoslav Independent Democratic Party [Jugoslovenska Samostalna Demokratska Stranka]. The secretary of the Serbian government will be Dusan Vjestica, an attorney from Knin.

The meeting's main decision concerned scheduling a referendum on Serbian autonomy on the historic territories of the Serbs within the borders of the Republic of Croatia, which will take place from 19 August to 2 September among the entire Serbian population in Croatia. It was decided that the referendum will be held in all local communities and settlements where the Serbian people live, regardless of what percentage of the population they represent. According to Professor Jovan Raskovic, member of the Serbian National Council, this will be some kind of test of the attitude of the Serbs in Croatia because there have been attempts to impose the idea on us that the proclamation of the autonomy of the Serbs in Croatia is the wish of only the young part of the Serbian people and that barely 10 to 15 percent of Serbs support us.

The decision on the nature of autonomy will be made by the people who vote for autonomy, although what type of autonomy will depend on what kind of position Croatia will occupy in a possible future community of Yugoslav peoples. In this respect, Raskovic said that in his opinion and considering how things stand at the moment, Croatia will go for a federation and then proclaim it a confederation.

Discussing the decision by the Croatian Assembly on changes to the provisions of the Constitution of the Republic of Croatia, members of the Serbian National Council made the unanimous decision to reject all the amendments to the Constitution of the Republic of Croatia that have been adopted by the Croatian Assembly. Likewise, they did not accept the promotion of Croatian national symbols, particularly the "checkerboard," as the symbols of the Republic of Croatia, especially in the places where the Serbian people are the majority people on the historical territory of Vojna Krajina, Slavonija, and Dalmatia which are situated within the borders of the present Republic of Croatia.

The Serbian National Council agreed that the previous symbols of a red five-pointed star would be promoted in these parts as state symbols of the Republic of Croatia. This

also goes for the flag and coat of arms. Participating in the discussion, Professor Raskovic said among other things:

In the period 1941 to 1945, Ustasha ideas culminated in the extermination of the Serbian people. Many Serbs lost their lives and the fact is these mass killings were carried out with the maximum amount of passion. This is something quite specific. No one today, and not even I as a psychiatrist, knows the reason why there was so much passionate feeling. Speaking about the present situation, Raskovic said:

The new authorities of the Croatian Democratic Community have not fulfilled the Serbs' expectations. We had expected that there would be togetherness and a conciliatory stand toward the Serbian people, at least for practical reasons, but it can clearly be seen that the old Starcevic [19th century Croatian politician] thinking will never change. An archaic principle is not being renounced. The Serbian people can therefore not accept the decisions of the Assembly and are forced to seek some other forms of democracy, so they have decided on the old traditional principle of gathering together and holding a parliament [Sabor]. What happened in Srb crowned all our small gatherings, and the Serbian parliament in Srb is above all democratic. The attitudes toward it show to what extent the Ustasha idea is still alive, as it was greeted with open hostility and the accusation that this represents fascism and Chetnik doctrine. Nothing has changed in this old thinking. Therefore, we had no other choice than to set up these traditional but democratic alternatives because the misfortune of the Serbian people in Croatia will be the misfortune of the Croatian people. [passage omitted]

Croatia To Deal With 'Unconstitutional' Moves

LD0808183690 Belgrade TANJUG Domestic Service in Serbo-Croatian 1530 GMT 8 Aug 90

[Text] Zagreb, 8 August (Tanjug)—Some individuals are attempting to destabilize Croatia in an unconstitutional way, destroying the peaceful life of all its citizens by intentional, organized action managed from outside Croatia. Such attempts, a report from the Croatian Presidency session says, will be answered with resolute activity of Croatian legal and executive bodies, in accordance with the law.

At the same time, according to a report from the Ministry for Information, the presidency calls on all political parties, particularly those in municipalities with a mixed national structure, to cooperate in order to achieve mutual interests—peaceful coexistence, and economic and general development.

At its regular session the Croatian Presidency examined state and legal measures in connection with attempts on the past of certain municipalities to organize a community of municipalities and a referendum.

'Another 300' Pristina Media Workers Dismissed

AU0808114190 Belgrade POLITIKA in Serbo-Croatian 2 Aug 90 p 8

["M.V."-signed report: "500 Idlers Dismissed"]

[Text] Pristina, 1 Aug—Apart from the 200 editors, journalists, cameramen, and engineers who were dismissed several days ago, another 300 employees in Radio Television Pristina were dismissed today. We were told by Petar Jaksic, whom the Assembly of Serbia has appointed director general of Radio Television Pristina, that these were security workers and firemen who had persistently refused to work.

Because of the boycott by Albanian employees, this broadcasting house has been forced to supplement its broadcasts in Albanian with programs in Albanian from Radio Skopje, Titograd, and Radio Yugoslavia, while the Skopje Television newscast in Albanian is broadcast on television. Programs have been cut both on the radio and television. These programs last from 0800 [0600 GMT] to 1400 [1200 GMT] on the radio, and from 1700 [1500 GMT] to 2000 [1800 GMT] on the television, after which the Third Channel of Television Belgrade is broadcast.

Jaksic said that it is now difficult to speak about the fate of the programs of Radio Television Pristina in Albanian because all those who are boycotting work will be dismissed. An audit is also now being conducted on material and financial operations. It is known that the debts of Radio Television Pristina amount to 40 million dinars. The inspectors will also establish the exact amount of foreign currency debts, as well as the money that was donated by citizens for Albanian language programs, as these donations are being checked.

'Temporary Ban' on RILINDJA Paper Reported

LD0808085190 Belgrade TANJUG Dometic Service in Serbo-Croatian 0802 GMT 8 Aug 90

[Text] Pristina, 8 Aug (TANJUG)—RILINDJA did not appear in newsstands today. It is understood that a temporary ban has been imposed on the publication of this daily paper because it does not accept the temporary measures or its founder—the Serb Assembly, and also because its recent contents are thought to have been based on unacceptable positions.

Additional details about the temporary ban on the publication of RILINDJA are expected to be made available during a news conference today by representatives of the operating group of the Serb Executive Council, who are responsibile for the implementation of the measures in Kosovo.

Albanians Step Up 'Attacks' on Kosovo Police

LD0808183790 Belgrade TANJUG Domestic Service in Serbo-Croatian 1346 GMT 8 Aug 90

[Excerpt] Pristina, 8 Aug (TANJUG)—Attacks on patrols and individual policemen of the Serbian Republican Secretariat for Internal Affairs have recently increased in Kosovo. In the past five days alone nine policemen have been attacked in Gnjilane, Titova Mitrovica, and Lipljan. There have also been attempted attacks in Orahovac, and two attempts in Urosevac. At the time of the attacks all the policemen were in uniform and the attackers were Albanians.

The information headquarters of the special units of militia of the Serbian Republican Secretariat for Internal Affairs in Kosovo stress that all the attackers have been identified. Two of the assailants have been detained and criminal proceedings are being taken against the others.

New Party Supports Albanian Separatist Movement

LD0808175190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1432 GMT 8 Aug 90

[Text] Struga, 8 Aug (TANJUG)—Activities of Albanian nationalists and separatists have recently become more obvious. They are particularly aided by the founding of the National Party for Democratic Prosperity [Nacionalna Partija za Demokratski Prosperitet, NPDP] based in Tetovo. Dzevad Djulioski, secretary of the presidium of the regional committee for cultural and scientific activities of Muslim Macedonians, said this in Struga today.

An extended session of the presidium examined current problems of the renaissance of Muslim Macedonians in multiparty conditions.

Djulioski stressed that there have been perfidious attacks from greater Albanian positions for Kosovization of western Macedonia, which include outvoting, pressure, and division of population on religious and national bases. Such NPDP policy leads toward realization of Albanian nationalists' and separatists' ideals for founding a greater Albania, to the detriment of the Macedonian, Serbian, and Montenegrin national territory, he said.

'Insinuations' of Serbia Opposing Reform Denied

AU0808115690 Belgrade Domestic Service in Serbo-Croatian 1700 GMT 7 Aug 90

[Text] The Serbian Assembly has adopted the report of the Republican Executive Council concerning the purchase of wheat and the disagreements with the Federal Executive Council [FEC]. Farmers feel that the federal government uses them to buy social peace and the voters' favor, Stanko Radmilovic, president of the Republican Executive Concil, said. Here are some more highlights from his speech:

[Begin Radmilovic recording] The FEC's explanation that what is involved is only the guaranteed price and that the real price will be set by the market is untenable for several reasons. Our agricultural producers, although they are not electrical engineers or doctors of agricultural or some other science, know this very well. Their intuition has told them that they are being used to buy social peace. It is clear now that this was trying to buy something else, too—the voters' favor. It is therefore small wonder that the farmers' indignation caused by the established guaranteed price was great. Protests against the FEC were received daily by the Serbian and Vojvodina Executive Councils along with demands for something to be done.

Although our efforts to reach the price of 2.5 dinars per kilogram of wheat have had a calming effect on the farmers, their indignation caused by the FEC's guaranteed price has not abated. We are giving all these details for the delegates and citizens to be able to see that wheat purchase itself has clearly manifested the FEC's attitude toward agriculture, and therefore toward Serbia.

It has become clear, not only from this case, that the FEC has forgotten a basic thing—Serbia does not exist because of the FEC, but the FEC exists because of Serbia, as well as the other republics. The only acceptable concept is the one used in developed countries: Agriculture must be granted relatively high subsidies and compensations, as well as an appropriate protection, so that one can get an intensive production, the full use of the available economical resources [words indistinct] abundance of cheap and healthy food.

The Serbian Executive Council feels it to be its obligation to point to and reject the unfounded insinuations that are already heard—and it would not be surprising if they are stressed—that through the wheat issue Serbia is in fact opposing the FEC's reformist course, neglecting even the fact that this Federal Government is fighting for Yugoslavia and that only it can save Yugoslavia.

In this respect, it will be sufficient to point out just a few facts. We have no reason to and do not wish to deny the FEC's reformist orientation. However, we do not accept the present FEC's propagandist usurpation and absolutization of the credit for reforms and consider that to be unfounded and unprincipled, because objective facts deny that. That Serbia is advocating a federal Yugoslavia is a well-known fact which nobody can deny. The (?insinuation) that through the wheat issue Serbia is opposing the FEC, which is fighting for the preservation of Yugoslavia is absurd. On the contrary, just because of our federalist orientation, we in Serbia may and must ask some questions. For instance, what kind of Yugoslavia is FEC advocating when—although it claimed that it will insist on all its constitutional amendments to be adopted as a whole—it easily gave up those amendments which were leading toward the establishment of a real federation and stopped even mentioning the concept of the federation [words indistinct]?

The way it is thought out now, Yugoslavia can be defended only through the power struggle waged by

Yugoslav-oriented forces in those republics where disintegrational intentions are strong. However, the power struggle in those republics has already finished for the coming (?period of time), and the FEC has done nothing to help federalist-oriented forces prevail. Perhaps that was impossible, however, one should not be manipulating Yugoslav-oriented citizens from other parts of Yugoslavia by telling them that with their support in the federal bodies alone, one can efficiently oppose confederalist and separatist tendencies in those republics in which they have already acquired legitimacy.

Therefore, it is an absurd insinuation that it is in Serbia's interest to fight against a reformist and Yugoslav oriented federal body through the issue of wheat [corrects himself] of wheat purchase. However, it is equally absurd for anybody to absolutize his role in reformist processes, although it is playing the card of Yugoslavism and federalism there where they are not called into question, but does nothing or is incapable of doing anything there where they are [word indistinct]. [end recording]

The republican parliament will send a protest letter to the Slovene Assembly because of its having adopted the Declaration on Sovereignty. The Assembly chambers have endorsed the draft laws on elections of people's deputies and republican presidency and submitted them to the public debate which is to last until the end of August. The chambers also endorsed the concept of the consolidation of the Smederevo Metallurgical Combine according to which the republic and other creditors will turn a part of the collective's debt into their own founders' deposit and thereby hold managers' rights.

Serb Assembly Disputes Federal Agriculture Policy

LD0808062790 Belgrade TANJUG in English 0437 GMT 8 Aug 90

[Text] Belgrade, 7 Aug (TANJUG)—Serbian Premier Stanko Radmilovic told today's [7 August] republican assembly session that claims that "Serbia was using the wheat problem to oppose the federal government which is struggling to preserve Yugoslavia" are absurd.

Serbia's efforts to preserve federative Yugoslavia is a known fact which can not be denied, Radmilovic said and added that a good agrarian policy can be secured only by a true federation.

Serbia's Federal Assembly delegates expressed dissatisfaction with the government's agrarian policy, recently refusing to approve a second package of reform laws launched by the government in the Federal Assembly.

Radmilovic explained that the disagreement was caused by a low [word indistinct] price of wheat that inflicted damage especially to Serbia which could not agree on resolving other questions now and leaving the wheat problem to be resolved in the autumn.

Today's Serbian assembly session gave full support to the republican government in the dispute over agrarian policy with the federal government.

The republican assembly also adopted the draft of a law on electing assembly delegates and passed it on for public debate which will be completed by early September along with the public debate on the new republican constitution.

The adoption of the constitutional laws will enable the first post-war multi-party elections in Serbia in October.

The Serbian Assembly's Socio-Political Council today sent a proposal to the Federal Assembly on abolishing the law on the protection and use of the name of Josip Broz Tito, explaining that the law "ran counter to demands for democratization and establishing a legal state."

The same request was sent in by the Assembly of Serbia's Province Vojvodina.

13,000 Join Serbian Socialist Party in 10 Days

LD0808113190 Belgrade TANJUG Domestic Service in Serbo-Croatian 1016 GMT 8 Aug 90

[Text] Pristina, 8 Aug (TANJUG)—Thirteen thousand people have joined the Socialist Party of Serbia in Kosovo during the 10 days since its formal inception. The most interest in joining this party's ranks, it was said during a news conference today held by representatives of the committee for preparing the formation of the Socialist Party of Serbia in Kosovo, was displayed in Pec, Prizren, Gnjilane, Lipljan, Kosovo Polje, and some other municipalities.

It was revealed, however, that only 300 Albanians have so far joined this party. In this context the hope was expressed that the number of Albanians in this party will be much higher once they have been freed of the pressure and fear to which they are subjected by Albanian nationalists.

The Socialist Party of Serbia is being joined by members of all other nations and nationalities, among whom, in addition to Serbs and Montenegrins, Muslims and Romanies are the strongest numerically.

Serb Democratic Party Resents Paper Publication

AU0808172890 Belgrade Domestic Service in Serbo-Croatian 1300 GMT 8 Aug 90

[Text] The main committee of the Serbian Democratic Party has noted that the purpose of publishing the transcript of the talks between Tudjman and Raskovic was not honorable, and was not in the spirit of democratic life. A statement issued after a closed session of the main committee says that this trick did not achieve its aim of driving a wedge between Raskovic and the Serbian Democratic Party, or between the party and the Serbian people.

Serbian Chetnik Movement Registration 'Refused'

LD0908135490 Belgrade TANJUG in English 1241 GMT 9 Aug 90

[Text] Belgrade, 9 Aug (TANJUG)—The authorities of Yugoslavia's biggest republic of Serbia Thursday [9 August] refused to register the Serbian Chetnik Movement, saying that the party's name "offends public morals."

The movement was told its failure to change its name would render illegal its functioning.

The authorities said that the Chetnik Movement was responsible for atrocities in Yugoslavia during world war two. Its leader, Draza Mihailovic, was sentenced for war crimes and shot to death in 1945. The movement was considered as the "army in the motherland" of the government in exile and the king, who fled to London in 1941 following the German occupation.

Federal Chamber Concerned Over Slovene Declaration

LD0908111190 Belgrade TANJUG Domestic Service in Serbo-Croatian 0938 GMT 9 Aug 90

[Text] Belgrade, 9 Aug (TANJUG)—The Federal Chamber of the SFRY Assembly today adopted conclusions on the "Declaration on the Sovereignty of Slovenia," which express "deep concern" at this "unilateral act that violates the SFRY Constitution."

The Federal Chamber also endorsed the SFRY Presidency's stand on the declaration and joined it in demanding that the Constitutional Court assess the constitutionality and legality of the declaration.

The SFRY Presidency is asked to inform the Federal Chamber about its recent talks with the leadership of Slovenia by 20 September. The Slovene Assembly has been asked to refrain from implementing the declaration.

Slovene delegates in the Federal Chamber refused to take part in the debate on the declaration conducted at today's session.

Number of Slovenian Army Recruits To Be Cut

AU0808202890 Ljubljana Domestic Service in Slovene 1330 GMT 8 Aug 90

[Text] The deadline by which the Federal Secretariat for National Defense was to consider, and adopt, Slovene demands concerning the larger proportion of recruits who would serve the Army in Slovenia, or rather in the Fifth Army District, expired today. As we have learned, the Republican Secretariat for National Defense discussed the matter again today, and, according to the spokesman of the Republican Secretariat for National Defense, Jelko Kacin, representatives of the Federal Secretariat for National Defense failed to use the opportunities offered to them by the Slovene Assembly.

Therefore, the Republican Secretariat is going to abide by its decisions. According to these, only 50 percent of recruits will go to serve the Army, and they will serve in the Fifth Army District. Certain exceptions will apply to special branches and services, as well as to recruits who would attend schools for reserve officers.

Slovene Delegates Boycott Sovereignty Debate

LD0908103190 Belgrade TANJUG Domestic Service in Serbo-Croatian 0759 GMT 9 Aug 90

[Text] Belgrade, 9 Aug (TANJUG)—On behalf of Slovene delegates, Gojmir Komar today announced that the delegates of this republic in the SFRY Assembly Federal Chamber will not take part in a debate on "the legal consequences of the declaration of the sovereignty of the state of Slovenia," which is on the agenda for today's Federal Chamber session.

Komar indicated this possibility yesterday when he asked the Federal Chamber not to discuss the declaration. The text of the declaration submitted to the Federal Assembly delegates is not identical to the text adopted by the Slovene Assembly. In addition, the SFRY Presidency has also initiated procedures at the Constitutional Court of Yugoslavia to assess the constitutionality of the declaration.

However, despite the Slovene delegates' call, representatives of other republics and provinces embarked on this debate about this controversial matter.

Slovene Red Cross Protests Police Action

LD0808100990 Belgrade TANJUG Domestic Service in Serbo-Croatian 0928 GMT 8 Aug 90

[Text] Ljubljana, 8 Aug (TANJUG)—The Slovene Red Cross vehemently protested recent police actions in Kosovo, when members of the police force confiscated medicines in Catholic Churches in (Binacani) and Urosevac, and they invited other organizations to denounce this sort of conduct as well.

In its protest, the Slovene Red Cross recalled that it is common knowledge that, in addition to general poverty, Kosovo is short of all types of medicines and medical equipment. For this reason, the Slovene Red Cross, on several occasions this year, sent medical aid to health and religious institutions. On two occasions, medicines and other aid were sent in conjunction with religious institutions in Slovenia, especially in cooperation with the Faculty of Theology in Ljubljana.

The protest stated that the Slovene Red Cross was asked to help, especially at the time of the mass poisoning of pupils and young people in Kosovo. Aid was dispatched at once, but official authorities dragged their feet over the dispatch of medicines to health institutions. This is why, the protest went on to say, the Slovene Red Cross, at the request of church organizations, sent medicines directly—so they could be used immediately.

"We are decidedly against any kind of pressure which prevents the health workers, and other organizations,

who help the sick and the socially threatened population of Kosovo from working normally", stressed the Slovene Red Cross.

Alliance of Reform Forces Registering Members

AU0908095990 Belgrade BORBA in Serbo-Croatian 3 Aug 90 p 3

[E. Vecovska report: "Initiative Committee of the Alliance of Reform Forces of Yugoslavia: Great Support by Citizens"]

[Text] Belgrade—Yesterday was another day when the Initiative Committee of the Alliance of Reform Forces of Yugoslavia [Savez Reformskih Snaga Jugoslavije, SRSJ] received more than 100 notifications of initiative committees being set up in towns and villages all over the country, as well as of the great interest of citizens in joining the SRSJ. Organized registration of members is being carried out now with the help of the applications for membership that the citizens themselves took and copied from BORBA.

Initiative committees at the levels of local communities, communes, towns, and in wider communities are setting up coordination bodies at their own initiative. These bodies link and direct their activities, including campaigning for the alliance.

Some forums and structures at the level of communes and local communities proclaim to be initiative committees and are taking over the registration of citizens as members of the SRSJ. This is not good because the SRSJ does not wish to identify with any political or professional organization. In this respect, the alliance is being fully supported by citizens and by the initiative committees set up by citizens which wish to communicate directly with the SRSJ Initiative Committee.

The Initiative Committee stresses once again that individual organizations, movements, and parties may become members of the alliance if they adopt its program, but every individual case will be decided by the main Initiative Committee. By its decision, a party, a movement, or an association becomes a collective member of the Alliance, which is establishing its autonomous organization and structure.

In places where initiative committees have been formed and registration of citizens as members has been carried out, the Initiative Committee is sending out program documents today.

Reformist Forces Set Up in Bosnia-Hercegovina

LD0808153990 Belgrade TANJUG Domestic Service in Serbo-Croatian 1055 GMT 8 Aug 90

[Text] Sarajevo, 8 Aug (TANJUG)—In Bosnia-Hercegovina a total of 39 initiative committees of the Alliance of the Reformist Forces of Yugoslavia have so far been set up. This means that an initiative committee exists in every third municipality. According to reports from the municipalities, there is widespread interest in Ante Markovic's future party. In the small municipality of Skender Vakuf over 1,000 citizens have already signed registration papers. The number of registered members is far greater in larger municipalities.

However, due to the fact that there is still no committee at the level of the republic to coordinate the party's activities and to provide information about the number of supporters of Ante Markovic's party, complete figures about the number of people who have already joined the Alliance of Reformist Forces in Bosnia-Hercegovina are not yet available. Necessary information about the way the party's committees are being formed throughout the republic has been provided by the Presidium of the Democratic Socialist Alliance [demokratski socijalisticki savez] which has also confirmed that a large number of people has contacted them to enquire about the possibility and the ways of joining the party.

Some time this week the main committee of the Alliance of the Reformist Forces of Yugoslavia will be set up in Bosnia-Hercegovina. It task will be to coordinate the party's activities at the level of the republic. The majority of people behind the initiative to set up the main committee are middle-aged intellectuals who appeared on the political scene at the height of the struggle against dogmatic forces in Bosnia-Hercegovina.

Trepca Mine Work Suspended; Labin Mine May Close

LD0808041590 Belgrade TANJUG in English 0032 GMT 8 Aug 90

[Text] Titova Mitrovica, 7 Aug (TANJUG)—The emergency administration of the Trepca industrial complex in the Yugoslav Province of Kosovo this evening decided to suspend work at the Trepca Stari Trg mining and flotation facilities as of tomorrow. The workers, except those in charge of maintenance of vital installations, have been instructed to take their annual holidays at this time. The decision, it has been explained, has been taken with a view to protecting the rights of the workers, social property and the interests of the community and is binding on all workers.

Work will be resumed and the workers summoned back according to a programme of resumption of work at the firm, in stages and in keeping with increase in the volume of production.

It was also announced today that the Labin coal mine on the northern Adriatic Peninsula of Istria might be shut down. Goran Granic, director-general of the electric power distribution enterprise of the Yugoslav Republic of Croatia, said on Croatian Radio tonight that there was no chance of the mine doing business according to economic criteria.

Granic further said that the coal from the mine had a nine-percent sulphur content and is no longer fit for use and should therefore be abandoned as fuel. Asked if the mine was going into bankruptcy and what the procedure would be, he replied that the decision on bankruptcy depended on the law.